ANNUAL REPORT

OF THE

INDIAN MERCHANTS' CHAMBER.

FOR THE YEAR

1926

(Presented to the Annual General Meeting of the Chamber held on 2nd February 1927).

Printed by

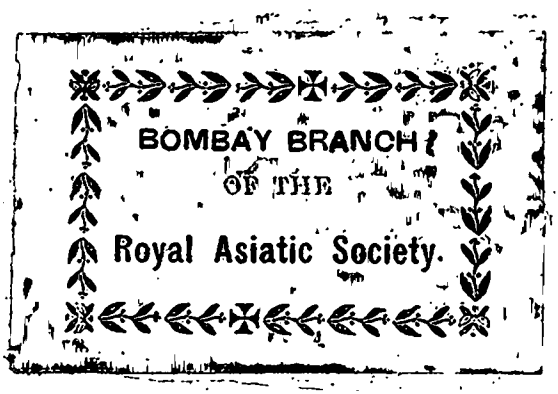
JADAVJI PITAMBER THAKKER, at the Lady Northcote Hindu Orphanage, K. N. Sailor Press, 3, Chowpati Road, Bombay No. 7

Published by

J. K. MEHTA, Secretary, Indian Merchants' Chamber, Canada Building, 3, Home Street, Fort, Bombay.

1927.

00133684



Digitized with financial assistance from
Government of Maharashtra
on 01 February, 2020

ANNUAL REPORT

OF THE

INDIAN MERCHANTS' CHAMBER.

FOR THE YEAR

Rec'd 16/9/27

Forwarded with the Compliments of the Secretary, Indian Merchants' Chamber.

Indian Merchants' Chamber,
CANADA BUILDING,
3, Home Street;
BOMBAY.

LIBRARY OF THE BOMBAY BRANCH OF THE ROYAL ASIATIC SOCIETY.

Published by

J. K. MEHTA, Secretary, Indian Merchants' Chamber,
Canada Building, 3, Home Street, Fort, Bombay.

1927.

00133684

CONTENTS.

		Pages.
1.	List of Members	1—XXXII
2.	Rules and Regulations	1—24
3.	Chairmen of Chamber	1
4.	Chamber's Representatives on various Public Bodies	1— 3
5.	Committee of the Chamber for 1927 ...	3— 4
6.	List of Magazines and Journals received in the Chamber's Library	4— 7
7.	Annual General Meeting	8—40
8.	Report of the Committee for 1926 submitted to the Annual General Meeting ...	1—105
9.	*Appendices* :—	
	(*a*) Railways and Shipping	1—178
	(*b*) Currency, Exchange and Finance ...	179—253
	(*c*) Stores Purchase Policy of Government of India	254—286
	(*d*) Tariffs and Taxation	286—391
	(*e*) Public Enquiry Committees and Commissions	392—459
	(*f*) Trade and Industrial Legislation ...	460—570
	(*g*) General Trade and Industry ...	570—731
	(*h*) Interviews with Government Officials...	732—742
	(*i*) General	742—785

INDEX.

SUBJECTS.	Report Page.	Appendix. Page.
Abolition of Company Supertax ...	39	206
„ „ Stamp duty on Bills of Exchange	45	325
Accounts of the Chamber	102—105	
Advisory Committee of Industries department, Government of Bombay,—Chamber's representation on	53	...
Alembic Chemical Company's Appeal to Railway Rates Advisory Committee re : B. B. & C. I. Railway freights	9	...
All India Accountancy Board—Proposed Establishment of	80	658
Amalgamation of Husband and wife's Incomes for Income-tax purposes	42	318
Animals-Injured and diseased-shooting of. ...	97	748
Arbitration Bill, Indian	59	476
Asiatic Bill of Union of South Africa—Protest meeting against	95	745
Athens—Trade Mark Regulations in ...	64	574
Backbay Reclamation Scheme, Enquiry into ...	53	394

	Page.	Page.
Backbay Reclamation Protest meeting re : ...	95	394
„ Block No. 7 filling in	90	702
Bar Councils Bill—Indian	56	466
„ „ „ „ Seniority amongst Advocates	57	468
Beggary in Bombay Presidency—Prevention of...	96	746
Beira (Portugese East Africa) Preparation and Consignment of shipping documents at ...	10	132
Bengal Light Matches—Railway freight on ...	1	107
B. B. & C. I. Railway—Issue of Railcum-Tram Tickets on ...	4	...
„ „ Local Advisory Committee Chamber's representative on	4	114
„ „ Discrepancy in Railway charges between different stations-on	8	...
„ „ Complaint against re-freights—by Alembic Chemical Co. Ltd. ...	9	...
„ „ Advisory Committee-Representation of Passenger's and Traffic Relief Association on	4	...
B. C. Rate and Exchange Banks	14	180
Bills of Exchange—Abolition of stamp duty on	45	325
Bombay Govt. Debt Position of	19	...
„ „ Stores Purchase Policy of ...	28	267
„ High Court—change in Court Hours...	83	681
Boilers, Smoke Nuisance and Factories—A transferred subject	82	659
B. N. Mittra, The Hon'ble Sir—Interview with	93	732
Bombay Police Act 1902—Amending Bill re: shooting of injured animals	97	748

		Page.	Page.
Bombay Port Trust	Allocation of stamp duties etc. to capital Account on raising of Loans ...	19	246
„ „	Appointment of Dy. Chairman of	88	694
„ „	Indianisation of services of	88	...
Bombay's Sugar Trade	Competition from Kathiawad Ports in	77	...
„	Trade—Effect of Port charges on ...	76	...
„ „	Diversion to other Indian Ports	77	635
Bribery and its Prevention—International Congress re:	... ...	72	672
British Social Hygiene Council Deputation—Interview with	... ...	100	...
Budget of the Government of India for 1926-27	... ...	18	245
Capital Committee—External Recommendations of	... ...	19	246
Cement—Purchase of	... ...	26	263
Central Cotton Committee—Indian Merchants' Chamber's Representative on	... ...	99	755
Cheques	Reduction of stamp duty on ...	45	326
Chemical Analyser's Department—Government of Bombay	... ...	73	622
Civil Procedure Code—Amendments in	...	61	519
Coal for Sukkar Barrage	... ...	24	252
Code Words—Limitation of letters in—	...	63	570
Coffee—Import Prohibitions into India	...	78	643
Cologne Water Empty Bottles—Import duty on	... ...	49	380

	Page.	Page.
Commercial Cable Service—East India Cotton Association of	72	618
Commercial Education—Secondary—in Bombay Presidency	81	672
Contract Act—Amendment in	60	536
Contracts details—Publication in Indian Trade Journal	33	279
Concession to Commercial Travellers by 1st class on G. I. P. and M. & S. M. Railways ...	78	651
Cotton and Cotton Seeds from Persia—Importation into Kathiawad Ports	72	621
Cotton Flocks Duty on...	46	368
„ Mill Industry—Textile Tariff—Board's Enquiry re:	52	425
„ Piecegoods—Imported—Revision of list of	87	688
„ Shipments to Shanghai	63	...
Currency and Exchange:—		
B. C. Rate and Exchange Banks	14	180
Currency Bill	17	196
„ Deflations in	14	181
„ Commission—Royal—Report of ...	16	185
„ Notes Refund Rules	13	179
Publication of volumes of Evidence to the Report of Royal Currency Commission ...	17	...
Debt Position of Bombay Government ...	19	...
Deflations in currency	14	181
D. B. Meek, Dr, Interview with	94	742
Declaration of dividends in Jt. Stock Companies' Annual Report	68	600

	Page.	Page.
Development Department—Industrial Housing Scheme of	90	...
Drawback Procedure—New	84	663
East India Cotton Association—Commercial Cable Service by	73	618
Economic Enquiry Committee's Recomendations	53	410
Empty Bottles—Import duty on—Cologne water of	49	380
Employers' Delegate at International Labour Conference—8th and 9th Sessions of ...	69	602
Employers' Delegate at International Labour Conference—10th Session of	71	616
Embarkation and Landing difficulties at minor Indian Ports	10	135
Evidence Volumes of Royal Commission on Currency and Exchange, Publication of ...	17	...
Exchange Banks and B. C. Rate	14	180
External Capital Committee's Recommendation re-useful employment of Capital... ...	19	246
Export duty on Raw Hides and Skins ...	49	379
„ Import Prohibitions—Draft—International Agreement re;	67	587
Factories Act—Indian—Amendment in ...	61	507
Factories, Boilers and Smoke Nuisance—Proposal to make a transferred subject	82	659
Federation of Indian Chambers of Commerce ...	73	...
Fines—deduction from wages of	62	507
Fire Insurance rates for Mulji Jetha cloth market shops	65	581

	Page.	Page.
G. I. P. Railway—Booking difficulties in Imitation Lametta on ...	3	109
„ „ Concession to 1st class Commercial Travellers—on	78	651
„ „ Local Advisory Committee Chamber's representative on ...	5	115
„ „ Local Advisory Committee Passengers' and Traffic Relief Association Representation on	4	...
Government of India's resolutions and communiques to be forwarded to Commercial Associations for opinion	83	661
G. L. Corbett—Hon'ble Sir, Interview with	94	741
Government Securities Trading in... ...	18	243
General meetings of the Chamber	101	761
Hides and Skins—Raw—Export duty on ...	49	379
„ „ „ Tariff valuation of ...	50	386
High Court—Bombay—Change in Court Hours of	83	681
Hongkong and Shanghai Banking Corporation—Kobe Branch Manager—Insulting attitude towards Indians of	99	751
Husband and wife—Amalgamation of Incomes for income-tax purposes	42	318
Income-tax Rule 8 Amendment in ...	35	286
„ „ 20 „ ...	35	287
„ „ 17 „ ...	36	288
„ „ 2 and 6 „ ...	36	290
„ „ 9 „ ...	38	299
„ „ 39 „ ...	38	301

	Page.	Page
Income-tax Refund—Under Section 48 ...	37	296
„ Rules—Insertion of New ...	36	292
„ Act Sections 30 and 32 Amendments in	38	302
„ Present method of property Assessment to	40	307
Income-tax office—method of taking down Notes from merchants' Account Books... ...	41	310
Income-tax office—Calling information re names and addresses of recepients of interests ...	43	314
Income-tax deduction from Insurance Cos' Canvassers and Commission Agents	43	316
Indian Businessman—Appointment on Railway Workshop Committee	51	392
Industries Department—Advisory Committee—Chamber's representative on	53	...
Indian Arbitration Bill...	59	476
„ Bar Councils Bill	56	466
„ Contract Act—Amendment ...	60	536
„ Factories „ „ ...	61	507
„ Limitation „ „ ...	55	460
Industrial Housing Scheme of Development Department	90	...
Indian Insurance Cos—Security Deposit by Imperial Bank of India	75	632
Industrial and Commercial Congress—Indian ...	73	...

	Page	Page
Indo—European Telegraph Department of Government of India	98	749
Indians—Poor—Exhibition of—in Germany ...	100	752
Indian Roads and Transport Association ...	91	718
Indian Ports—Minor—Landing and Embarking difficulties at	10	135
Indian Wireless Telegraphy Rules—Amendment in	11	138
Import duty on raw materials used in indigenous industries	46	368
Import duty on Wattle Bark	49	...
Improvement Trust Committee—Chamber's representative on	96	759
Insured Box Service between India, Great Britain and Northern Ireland	74	628
Interview with Government Officials :—		
„ „ Mr. A. R. L. Tottenham ...	93	741
„ „ The Hon'ble Sir B. N. Mittra	93	732
„ „ „ „ „ G. L. Corbett	94	741
„ „ Dr. D. B. Meek.	94	742
International Agreement re: Export Import Prohibitions—Draft	67	587
Jail Industries Committee—Bombay Government of	54	455
Java Sugar Standards	69	601

	Page	Page
Jt. Stock Companies' Annual Report—Declaration of dividends in	68	600
Karachi Indian Merchants' Association Representation on Indian Central Cotton Committee	91	717
Labour Conference—International—8th and 9th Sessions—Employers' delegate at ...	69	602
Labour Conference International 10th session Employers delegate at	71	616
Lametta Imitation Railway Booking difficulties in	3	109
Landing difficulties at Indian Ports ...	10	135
Leather cloth-purchase of	34	281
Life Saving Appliances on Pilgrim Ships ...	9	128
Light Houses Administration—Indian-Bill re ...	12	144
Limitation Act—Indian—Amendment in	55	460
Limitation of Code Words' letters	63	570
Logs used in Match Making—Railway Frieght on	3	112
Load Line Regulations...Revision of Period of ...	10	129
Lowest Tenders—Non-acceptance of—by India Stores Department, London	34	283
Matches—Bengal Light-Railway—Freight on ...	1	107
Match Factory at Santa Cruz—Removal of ...	88	...
Magnesium Chloride Industry—Indian ...	92	730
Marking of packages carried on Boardships ...	9	126
Membership of the Chamber	101	...
Members' List ,, ...	1	XXXII

	Page	Page
Merchants' Account Books taking down Notes from—by Local Incometax office... ...	41	310
Message Rate System—Bombay Telephone Company...	89	698
Mittra B. N. Sir—Interview with	93	732
Mohamadbhoy H. Lalji—Sir—Death of ...	98	757
Money-order Commissions—Reduction in ...	96	747
Motor Transport Vehicles for War—Potential Reserve for	92	725
Mulji Jetha Cloth Market shops—Increased Fire Insurance freight for	65	581
Municipal Taxes on Companies in Madras Presidency	44	321
Narayan Pet Station Stoppage of Bombay-Madras Mail at	7	...
„ Town Post Office Conversion into Combined Post and Telegraph Office	89	697
Native Share and Stockbrokers' Association—New rules of	65	583
Negotiable Instruments Act—Amendment in ...	58	471
Non-residents' dividends—Supply of information re	76	634
Packages—marking of—carried on Boardships...	9	126
Passengers' and Traffic Relief Association's Representation on Local Advisory Committees of B. B. & C. I. and G. I. P. Railways ...	4	...
Pepper—Singapore and Indian—Difference in...	50	390
Persons Liable to Professional taxes... ...	39	304
Pilgrim Ships—Life Saving Appliances on ...	9	128

	Page	Page
Port Trust, Bombay— Allocation of stamp duties etc. to capital Account on Loans	19	246
,, ,, Appointment of Dy. Chairman of	88	694
,, ,, Indianisation of Services of	88	...
Port charges and their effect on Trade of Bombay	76	...
Postal Insurance facilities at Tanganyka territory	84	683
Prompt payment of wages	62	541
Property —Present Method—Income-tax Assessment on	40	307
Publication of Prices in classified list of stores ...	29	272
,, ,, Details of contracts in Indian Trade Journal	33	279
Purchase of Pugree cloth	25	257
Railways :—		
B. B. & C. I. Ry. Local Advisory Committee Chamber's representative on	5	114
Discrepancy in Railway charges between different Stations and Posts on B. B. & C. I. Railway	8	
Freight on Bengal Light matches	1	107
Freight on logs used in match making ...	3	102
G. I. P. Ry. Local Advisory Committee—Chamber's Representative on	5	115
,, ,, Booking difficulties and Imitation Lamtate	3	109

	Page	Page
G. I. P. Ry. Concession to 1st Class conmercial Travellers on	78	651
Narayanpet Station—Stoppage of Madras—Bombay Mail at	7	
Railway Workshop Committee—Appointment of Indian Businessman on	51	392
Rail cum-Tram Tickets Issue of—on B. B. & C. Ry.	4	
Railway Rates Tribunal...	5	116
Short delivery of consignments by Railways	8	
Raw materials used in Indigenous industries—Import duty on	46	368
Raw hides and Skins-Export duty on ...	49	379
Registration Envelopes-New sizes of ...	94	742
Resolutions of Government of India-Forwarding of—to Commercial Associations for opinion...	83	661
Revision of the list of imported Cotton piecegoods	87	688
Roads and Transport Development Association—Indian	91	718
R. D. Tata—Mr. Death of	97	758
Rules and Regulations of the Chamber ...	1--24	
Rupee Tender System	23	251
Seaborne Trade Returns of British India Omission of certain table from ...	86	687
Sea Borne Trade Returns of Bombay Presidency Omission of cetain tables from ...	87	684
Sea Borne Trade Returns of British India Revision of list of articles in	87	693

	Page	Page
Secondary Commercial Education in Bombay Presidency	81	672
Security deposits by Imperial Bank of India from Indian Insurance Companies ...	75	632
Securities—Government Trading in ...	18	243
Share and Stockbrokers Association—Native New Rules of	65	583
Singapore and Indian Pepper—Difference in...	50	390
Shipping :—		
Embarkation and Landing difficulties at Indian Ports	10	135
Indian Wireless Telegraphy (shipping) Rules—Amendment in	11	138
Life Saving Appliances on Pilgrim Ships ...	9	128
Light Houses Administration Bill—Indian ...	12	144
Load Line Regulations—Revision of Periods of	10	129
Marking of Packages carried on Boardships ...	9	126
Preparation and consignments of shipping documents at Beira (Portugese East Africa) ...	10	132
Short delivery of consignment by Railways ...	8	...
Smoke Nuisance, Boilers and factories Transferred subject—Proposal re	82	659
Stamp duty Abolition of—Bills of Exchange on	45	325
„ „ on cheques Reduction of ...	45	326
Sterling Securities of Government of India—Transaction facilities for	21	251

Stores Purchase :—	Page	Page
Coal for Sukkar Barrage	24	252
Publication of Price in classified list of stores ...	29	272
„ „ Details of contracts in Indian Trade Journal	33	279
Purchase of Leather cloth	34	281
Purchase of Cement	26	263
Non-acceptance of Lowest Tenders by Indian Stores Department London	34	283
Rupee Tender System	23	254
Statements by various Government Departments re stores held	22	...
Stores Purchase Policy of Government of Bombay	28	267
Tarpaulin Contracts by Indian Stores Department	31	276
Sugar Trade of Bombay Competition in-from Kathiawar Ports	77	...
Sugar Standards-Java	69	601
Super-tax Company—Abolition of ...	39	306
Tarpaulins Contracts	31	276
Taxation on Transactions	47	330
Tariff Valuations of Hides and Skins ...	50	386
Telephone Co, Bombay—Message Rate System by	89	698
„ charges—Reduction in—by Government of India	81	674

	Page	Page
Telegraph Department—Indo—European—of Govt. of India	93	749
Textile Tariff Board Enquiry	52	425
Tottenham A. R. L. Mr. Interview, with ...	93	741
Trading in Govt. Securities	18	243
Trade Mark Regulations in Athens ...	64	574
,, Registration in India ...	57	576
Trade Diversion of Bombay to other Ports ...	77	635
Tuticorin Indian Chamber of Commerce—Non-acceptance of Cargo Survey Certificates of—by Messrs. A. & F. Harvey	92	728
Wages—Prompt Payment of	62	541
,, Deductions of fines from	62	554
Wattle Bark—Import duty on	49	...
Wireless Telegraphy (Shipping) Rules Indian—Amendments in	11	138

Serial No.	Representatives of Members.	Names of Members.	Addresses.
1	Hon. Sir Dinshaw Edulji Wacha	Messrs. Morarjee Gocouldas & Co.	Sudama House, Ballard Estate, Fort, Bombay.
2	Mr. Chunilal Devkaran Nanji	„ Chhugandas & Co.	Circle, Fort, Bombay.
3	„ Mulji Haridas	Mr. Mulji Haridas	Carnac Bunder, Bombay.
4	Hon. Mr. Munmohandas Ramji	Hon. Mr. Munmohandas Ramji	Shastri Building, Circle, Bombay.
5	Mr. Haridas Morarji Velji	Messrs. Morarji Velji & Co.	Mulji Jetha Market, Nava Govind Chawk, Bombay.
6	„ Jamnadas Devidas	„ Jethabhai Govindji & Co.	„ „ „ Sir Vithaldas Galli, Bombay.
7	„ Jethabhai Kalyanji	„ Valji Shamji & Co.	„ „ „ Chawk, Bombay.
8	„ Vallabhdas Chaturbhuj Shivji	„ Chaturbhuj Shivji & Co.	„ „ „ Chikhal Galli, Bombay
9	„ Mathuradas Valji	„ Valji Sunderji & Co.	„ „ „ Ghadial Galli, Bombay
10	„ Bhukhandas Govindji	„ Bhukhandas Govindji & Co.	„ „ „ Dadar Galli, Bombay.
11	„ Dwarkadas Ravji Naranji	„ Ravjibhai Naranji & Co.	„ „ „ Krishnaraj Galli, Bombay.
12	„ Vusanji Naranji	„ Vusanji Naranji & Co.	„ „ „ Pragraj Galli, Bombay
13	„ Mathuradas Haridas	„ Damodar Haridas & Co.	„ „ „ Chikhal Galli, Bombay

14	Mr. Devidas Madhowji Thackersey	Messrs. Madhowji Thackersey & Co.	22-29 Picket Cross Road, Bombay.
15	,, Madhowji Jesang	,, Ramdas Madhowji & Co.	Mulji Jetha Market, New Narayan Chawk, Bombay.
16	,, Vithaldas Damodar Govindji	,, Damodar Govindji Sons & Co.	Govind Building, Princess Street, Bombay
17	,, Balvant Ramchandra	,, Bhalchandra Balvant & Co.	Mulji Jetha Market, Narayan Chawk, Bombay
18	,, Morarji Hemraj Kanji	,, Hemraj Kanji & Co.	,, ,, ,, New Govind Chawk, Bombay
19	,, Hiralal Amratlal	,, Hiralal Amratlal & Co.	,, ,, ,, New Gomukh Galli, Bombay
20	,, Purshottam Mulji	,, Padamsi Munji & Co.	27 33 Meadows St. Fort, Bombay
21	,, Goculdas Jivraj	,, Ghela Dayal & Co.	Mulji Jetha Market, GhadialGalli, Bombay
22	,, Haridas Purshottam Govindji	,, Purshottam Govindji & Co.	,, ,, Navi Gomukh Galli, Bombay
23	,, Harjivan Valji	,, Harjivan Valji & Co.	12, Champa Galli, Shaikh Memon St., Bombay
24	,, Kanji Goculdas	,, Chaturbhuj Jivandas & Co.	Mulji Jetha Market, Navi Gomukh Galli, Bombay
25	,, Vallabhdas Jamnadas	,, Vallabhdas Jamnadas &Co.	,, ,, ,, Ghadial Galli, Bombay
26	,, Chhabildas Laxmidas	,, Bhimji Ravji & Sons	,, ,, ,, Pragraj Galli, Bombay
27	,, Mathuradas Liladhar	,, Jeram Hari	,, ,, ,, Ganeshwadi, Bombay

Serial No.	Representatives of Members.	Names of Members.	Addresses.
28	Mr. Vussanji Mulji Damodar	Messrs. Mulji Damodar & Co.	Morarji Goculdas Market, 326, Kalbadevi Road, Bombay
29	,, Bhugwandas Vussonji	,, Kanji Karsan & Co.	Mulji Jetha Market, New Govind Chawk, Bombay
30	,, Vrajlal Bhagwandas	,, Bhagwandas Bhawanbhai & Co.	,, ,, ,, Narayan Chawk, Bombay
31	,, Shah Tullakchand Gobardas	,, Ramji Thackersey & Co.	,, ,, ,, Dadar Galli, Bombay
32	,, Purshottamdas Lalji	,, Lalji Tricumji & Co.	,, ,, ,, Ghadial Galli, Bombay
33	,, Karsandas Premji	,, Karsandas Purshotam & Co.	,, ,, ,, Navi Galli, Bombay
34	,, Lalji Naranji	,, Lalji Naranji & Co.	Tamarind Lane, Fort, Bombay
35	,, Vallabhdas Valji	,; Valji Khimji & Co,	Mulji Jetha Market, Navi Galli, Bombay
36	,, Ranchhoddas Vullabhdas Kanji	,, Vullabhdas Kanji & Co.	,, ,, ,, Ghadial Galli, Bombay
37	,, Karsandas Kurji Dharamsey	,, Kurji Dharamsey & Co.	,, ,, ,, Chikhal Galli, Bombay
38	,, Gordhandas Mathradas	Mr. Gordhandas Mathradas	,, ,, ,, Ghadial Galli, Bombay
39	,, Vandravandas Valji	Messrs. Vishram Dhanji & Co.	,, ,, ,, Krishnaraj Galli, Bombay
40	,, Kalyanji Bhimji	,, Bhimji Dwarkadas & Co.	Laxmidas Market, Shaikh Memon Street, Bombay

41	Mr. Devkaran Mulji	Messrs. Devkaran Mulji & Co.	Mulji Jetha Market, Gomukh Galli, Bombay
42	„ Hirji Rustomji	„ Damodar Valji & Co.	„ „ „ Dadar Galli, Bombay
43	„ Dwarkadas Vussanji	„ Purshottam Laxmidas & Co.	„ „ „ Nava Govind Chawk, Bombay
44	„ Damodar Bhagwandas	„ Purshottam Dwarkadas & Co.	„ „ „ Navi Galli, Bombay
45	„ Karsandas Meghji	„ Gopalji Kalyanji & Co.	„ „ „ Chikhal Galli, Bombay
46	„ Vaman Shridhar Apte	„ Vaman Shridhar Apte & Co.	„ „ „ Govind Chawk, Bombay
47	Hon. Sir Phiroze C. Sethna	Hon. Sir Phiroze C. Sethna.	Canada Building, Hornby Road, Fort, Bombay
48	Mr. Madhowji Damodar Thackersey	Messrs. Thackersey Moolji & Co.	16, Apollo Street, Fort, Bombay
49	„ Chaturbhuj Gordhandas Sunderdas.	„ Mulji Jetha & Co.	Tamarind Lane, Fort, Bombay
50	„ Dwarkadas Vallabhji	„ Motilal Keshavji & Co.	37-39, Ghogha Street, Fort, Bombay
51	„ Gordhandas Govindji	„ Morarji Govindji & Co.	Mulji Jetha Market, Chikhal Galli, Bombay
52	„ Cursetji Jamsetji Banatvala	„ Edulji Cursetji & Co.	Laxmidas Market, Shaikh Memon Street, Bombay
53	„ Lalji Dayal	„ Hirji Dayal & Co.	Mulji Jeth Market, Sancha Galli, Bombay
54	„ Keshavji Ramji Laxmidas	„ Ramji Laxmidas & Co.	„ „ „ Chawk, Bombay
55	„ Mulji Gooldas	„ Dharamsey Rattansey	Laxmidas Market, Shaikh Memon Street, Bombay

Serial No.	Representatives of Members.	Names of Members.	Addresses.
56	Mr. Chatrabhuj Purshottam	Messrs. Jamnadas Haridas & Bros.	Mulji Jetha Market, New Govind Galli, Bombay
57	„ Ramdas Javer Jagjivan	„ Javer Jagjivan & Co.	196, Cavel Street, Bombay
58	„ Mulji Laxmidas	„ Gopalji Valji Sunderji & Co.	Mulji Jetha Market, Ghadial Galli, Bombay
59	„ Ramdas Ranchhoddas	„ Ranchhoddas Thackersey & Co.	„ „ „ New Govind Chawk, Bombay
60	„ Jagjivan Gordhandas	„ Gordhandas Thackersey & Co.	„ „ „ New Govind Chawk, Bombay
61	„ Jamnadas Harakhji	„ Jamnadas Harakhji & Co.	82, Dady Seth Agiari Lane, Bombay
62	„ Jethmal Narandas	„ Narottamdas Jethmal & Co.	Mani Bhuvan, New Gamdevi, Alexandra Road, Bombay
63	„ Mathuradas Haribhai	„ Mathuradas Chatrabhuj & Co.	Mulji Jetha Market, Dharamraj Galli, Bombay
64	„ Laxmidas Keshavji	„ Haridas Keshavji & Co.	„ „ „ Krishnaraj Galli, Bombay
65	„ Revashanker Jagjivan	„ Revashanker Jagjivan & Co.	Khara Kuva, Shaikh Memon Street, Bombay
66	Sheriff Devji Kanji	„ Devji Kanji & Co.	Chakla Street, Mandvi, Bombay
67	Sir Purshotamdas Thakurdas	„ Narandas Rajaram & Co.	Navsari Chambers, Outram Road, Fort, Bombay
68	Mr. Govindji Ratansi Mulji	Mr. Govindji Ratansi Mulji	Feltham House, Ballard Estate, Fort, Bombay

69	Mr. Purshottamdas Jivandas	Messrs. Ramdas Khimji & Co,	Albert Building, Hornby Road, Fort, Bombay
70	„ Phirozeshaw B. Petit	„ Phirozeshaw B. Petit & Co.	Yusuf Building, Esplanade Road, Fort, Bombay
71	„ Dhanjibhoy B. Petit	„ Dhanjibhoy B. Petit & Co.	Circle, Fort, Bombay
72	„ Govindlal Shivlal	„ Raja Bahadur Shivlal Motilal	20, Apollo Street, Fort, Bombay
73	„ S. R. Bomanji	Mr. S. R. Bomanji	Forbes Street, Fort, Bombay
74	„ Kakubhai Jivandas	Messrs. Khimji Vishram & Co.	Dana Bunder, Broach Street, Bombay
75	„ Palanji Dadabhoy Chowna	„ Drewet Chowna & Co.	46, Church Gate Street, Fort, Bombay
76	„ Tricumdas Gordhandas Khatau	„ Khatau Makanji & Co.	Oriental Building, Hornby Rd Bombay
77	„ N. D. Dadyseth	Mr. N. D. Dadyseth	17, Waudby Road, Fort, Bombay
78	„ Kaikobad Cawasji Dinshaw	Messrs. Cawasji Dinshaw & Bros.	121, Meadows Street, Fort, Bombay
79	„ Fidahusein Samsuddin	„ Shaikh Mahomed Shaikh Dawood & Co.	Crawford Market, BhusariStreet, Bombay
80	„ Vithaldas Kanji	Mr. Mathuradas Vissanji	9, Wallace Stree , Fort, Bombay
81	„ Govindram Harsomal	Messrs. Tarachand Ghansyamdas & Co.	Javeri Bazar, Shaikh Memon Street, Bombay
82	„ Karsandas Mulji Jetha	Mr. Karsandas Mulji Jetha	346, Hornby Road, Fort, Bombay
83	„ Ghelabhai Hansraj	Messrs. The Grain Merchants' Association,	262. Musjid Bunder Road, Bombay

Serial No.	Representatives of Members.	Names of Members.	Addresses.
84	Mr. Anandrao Krishna Rao Kothare	Messrs. K. P. Kothare & Co.	Apollo Street, Fort, Bombay
85	„ Pestonji Edulji Dhala	„ The Indian Mercantile Insurance Co. Ltd,	11, Bank Street, Fort, Bombay
86	Sir Lallubhai Samaldas	Sir Lallubhai Samaldas	65, Apollo Street, Fort, Bombay
87	Mr. Sultanbhoy Hajibhoy	Messrs. Hajibhoy Lalji & Co.	Akbar Building, Hornby Road, Fort, Bombay
88	Sir Fazulbhoy Currimbhoy Ibrahim	Sir Fazulbhoy Currimbhoy Ibrahim	12-14, Outram Road, Fort, Bombay
89	Mr. Narandas Chatrabhuj	Messrs. Gordhandas Khetsey	Manordas St. 40, Holi Chakla, Fort, Bombay
90	„ Narottam Morarjee	Mr. Narottam Morarjee	Sudama House, Ballard Estate, Fort, Bombay
91	„ S. B. Billimoria	Messrs. S. B. Billimoria & Co.	127, Esplanade Road, Fort, Bombay
92	„ R. D. Lam	„ Tata Sons Ltd,	Bombay House, Bruce Rd, Fort, Bombay
93	„ Manekji Jethabhai Vurdhman	Mr. Manekji Jethabhai Vurdhman	56, Tamrind Lane, Fort Bombay
94	„ Dadabhai J. Registrar	Messrs. The Berar Mfg., Co. Ltd.	Llyod Building, Ballard Road, Fort, Bombay
95	„ Hirjibhai Shapurji Patuck	„ H. S. Patuck & Co.	Dadoo Building, 44, Bank Street, Fort Bombay
96	„ Kikabhai Premchand	„ Premchand Roychand & Sons.	Apollo Street, Fort, Bombay

97	Mr. Purshottam Vishram Mavji	Mr. Purshottam Vishram Mavji	Walkeshwar Road, Bombay
98	„ Harikisbandas Mehra	Messrs. The Hindustani Native Merchants' Association	342, Kalbadevi Road, Bombay
99	„ Ratanchand Navalchand Javeri	„ Manekchand Panachand & Co.	Javeri Bazar, Shaikh Memon Street, Bombay
100	„ M. Venkatrao	„ N. Powell & Co.	Sandhurst Road, Girgaon, Bombay
101	„ Nihalchand Lalluchand	Mr. Nihalchand Lalluchand	Tamba Kanta, Pydhonie, Bombay
102	„ Gulabchand Devchand Javeri	„ Gulabchand Devchand Javeri	5, Queen's Road, Bombay
103	„ Jedayal Durgadas	„ Dunichand Durgadas	Khara kuva, Shaikh Memon Street, Bombay
104	„ Vallabhdas Dayal	„ Vallabhdas Dayal	Vadgadi, Mandvi, Bombay
105	„ K. S. Aiyar	Messrs. K. S. Aiyar & Co.	65, Apollo Street, Fort, Bombay
106	„ Hirachand Vanechand Desai	„ Hirachand Vanechand Desai & Co.	Kalbadevi Road, Bombay
107	Prof. S. R. Davar	„ Davar's College of Commerce.	Great Western Building, Apollo Street, Bombay
108	Mr. Nassurwanji K. A. Chinoy	Mr. Nassurwanji K. A. Chinoy	Chinoy Mansion, Colaba, Bombay
109	„ Shivji Chapsey	Messrs. Vussanji Velji & Co.	Girgaum Back Road, Bombay
110	„ Phirozeshaw N. Mehta	„ P. N. Mehta & Co.	Cook's Building, Hornby Road, Fort, Bombay
111	„ Nandlal Kilachand	„ Kilachand Devchand & Co. Ld.	55, Apollo Street, Fort, Bombay

Serial No.	Representatives of Members.	Names of Members.	Addresses.
112	Mr. Chhota'al V. Mehta	Messrs. The Bank of Morvi, Ltd.	Esplanade Road, Fort, Bombay
113	„ Sorabji N. Pochkhanavala	„ The Central Bank of India, Ltd.	„ „ „ „
114	„ Beniprasad Ramkumar	„ Mamraj Rambhagat & Co.	Mumbadevi Naka, Bombay
115	„ Morarji Kanji	„ Thakkar Amarsey Kanji	Mulji Jetha Market, Sancha Galli, Bombay
116	„ Manilal Goculbhai Mulchand	Mr. Manilal Goculbhai Mulchand	Champa Galli, Bombay
117	„ Harilal D. Jasani	Messrs. The Bombay Shroff Association.	289-91, Shaikh Memon Street, Bombay
118	„ Jamnadas Mulchand Parekh	„ Goculbhai Dolatram & Co.	Champa Galli, Shaikh Memon St. Bombay
119	„ Lavji Meghji	„ Curumsey Damji & Sons.	Girgaum Back Road, Bombay
120	„ Ibrahim F. Lalji	„ Jumabhoy Lalji & Co.	Warden Road, Bombay
121	„ Laxmidas Nemidas	„ Mulchand Vasanji	90, Bazar Gate Street, Fort, Bombay
122	„ Dwarkadas Tribhovandas	Mr. Dwarkadas Tribhovandas	Singhani Building, Shaikh Memon St., Bombay
123	„ R. D. Patel	Messrs. Patel Bros.	"Gulestan," 6, Napier Rd., Fort, Bombay

124	Mr. Kekhushru N. Chandabhoy	Messrs. Chandabhoy and Jassubhoy	Apollo Street, Fort, Bombay
125	Hon. Mr. Ratansey Dharamsey Morarji	Hon. Mr. Ratansey Dharamsey Morarji	Sudama House, Ballard Estate, Fort, Bombay
126	Mr. Fakirmahomed C. L. Sajan	Messrs. C. L. Sajan &Co.	Carnac Bunder, New Rice Market, Bombay
127	„ Hirji Ghelabhai	„ Hirji Ghelabhai & Co.	Carnac Bunder, New Rice Market, Bombay.
128	„	„ Ramji Purshottam & Co.	264, Madhowji Hariram House, Vadgadi, Bombay
129	„ Khimji Hirji Kayani	„ Khimji Hirji Kayani & Co.	Elphinstone Circle, Fort, Bombay
130	„ Jehangir Bomanji Petit	Mr. Jehangir Bomanji Petit	359, Hornby Road, Fort, Bombay
131	„ Cassamalli Jerajbhoy Peerbhoy	„ Cassamalli Jerajbhoy Peerbhoy	Peddar Road, Bombay
132	„ Vithaldas Liladhar Bhimji	„ Vithaldas Liladhar Bhimji	Princess Street, Bombay
133	„ M. V. Subiah	Messrs. The Commission and General Agency	113, Avenue Road, Bangalore City
134	„ Vithaldas Bhawanidas	Mr. Vithaldas Bhawanidas	Tamba Kanta, Pydhonie, Bombay
135	„ Dwarkadas Kalyandas	„ Dwarkadas Kalyandas	Ridge Road, Malabar Hill, Bombay
136	„ Laxmidas Ravji Tairsee	Messrs. Laxmidas & Co.	29/31/33 Borrah Bazar Street, Bombay
137	„ Surajmal Lallubhai	„ Surajmal Lallubhai & Co.	Kalbadevi Road, Bombay
138	„ Brij Beharilal	„ J. N. Singh & Co, Ltd	63, Princess Street, Bombay

Serial No.	Representatives of Members.	Names of Members.	Addresses.
139	Mr. Manharlal Vrajdas Merchant	Mr. Manharlal Vrajdas Merchant	12/14, Church Gate Street, Fort, Bombay
140	„ N. S. Bayankar	„ N. S. Bayankar	c/o J. Pirojshaw & Co., 47, B. Apollo St., Fort, Bombay
141	„ Nagindas A. Adatia	Messrs. Nagindas and Maneklal	Ravelin Street, Hornby Road, Fort, Bombay
142	„ Mavji Govindji	„ Mavji Govindji & Co.	70, Apollo Street, Fort, Bombay
143	„ Maganlal Parbhudas	„ The Bombay Yarn, Copper and Brass Native Merchants' Association	Tamba Kanta, Pydhonie, Bombay
144	„ Girjashanker B. Trivedi	„ Trivedi & Co.	Navsari Chambers, Outram Road, Fort, Bombay
145	„ Shiv Datta	„ The Punjab National Bank Ltd.	Sassoon Building, Churchgate Street, Bombay
146	„ Ramchandra M. Bhatt	Mr. Ramchandra M. Bhatt	36/37, Sandhurst Road, Girgaum Bombay
147	„ Laxmidas Devji	Messrs. Jetha Devji & Co.	Sak Galli, Mandvi, Bombay
148	„ Jamnadas Dwarkadas Dharamsey	Mr. Jamnadas Dwarkadas Dharamsey	Yusuf Building, Church Gate Street, Fort, Bombay
149	„ Jivandas Pitambar	Messrs. Pitambar & Co.	17, Elphinstone Circle, Fort, Bombay
150	„ Bhailal Dajibhai Amin	Messrs. The Alembic Chemical Works Co., Ltd.	Baroda

151	Mr. B. A. Billimoria	Messrs. Batliwala and Karani	Dalal Street, Fort, Bombay
152	„ Mohamad Hussein Dehdasti	Mr. Mohamad Hussein Dehdasti	Ash Lane, Fort, Bombay
153	„ Manekalal Manilal Ranchhoddas Pari	„ Maneklal Manilal Ranchhoddas Pari	Maneck Chawk, Ahmedabad
154	„ Ismail A. H. Moosa	Messrs. Ismail A. H. Moosa Ltd.	Commisariat Building, Hornby Road, Bombay
155	„ Phiroze J. Billimoria	Messrs. The Indian Cement Co., Ltd.	Bombay House, Bruce Road, Fort, Bombay
156	„ M. A. J. Noble	Mr. M. A. J. Noble	26, Parsi Bazar Street, Fort, Bombay
157	„ Jayvant Shantaram Divadkar.	Messrs. Narayan Dhondoba & Co.	Lloyd Building, Ballard Estate, Fort, Bombay
158	„ Surji Vallabhdas	„ Surji Vallabhdas & Co.	Navsari Chambers, Hornby Road, Bombay
159	„ Laxmichand M. Dosi	„ Laxmichand Padamsey & Co.	439, Kalbadevi Road, Bombay
160	„ Rameshwardas Birla	„ Shivnarayan Baldevdas & Co.	Patel Building, Mumbadevi, Bombay
161	„ Sarabhai Vadilal Javeri	„ Chamanlal Sarabhai Javeri	149, Shroff Bazar, Bombay
162	„ Karsandas Thackersey Ravji	Mr. Karsandas Thackersey Ravji	187, Hornby Road, Fort, Bombay
163	„ Jwaladat R. Pilani	„ Jwaladat R. Pilani	Shaikh Memon Street, Bombay
164	„ Narsidas Jekisandas Gangadas	„ Narsidas Jekisandas Gangadas	Sahibag, Ahmedabad
165	„ Jiwandas D. Joshi	Messrs. Dungershi & Sons	59, Forbes Street, Bombay

Serial No.	Representatives of Members.	Names of Members.	Addresses.
166	Mr. Harnandrai Ramnarayan	Mr. Harnandrai Ramnarayan	395, Kalbadevi Road, Bombay
167	,, Hormasji Bapuji Gazdar	,, Hormasji Bapuji Gazdar	Beach House, Nepean Sea Road, Malabar Hill, Bombay
168	,, T. M. Rangachari	,, T. M. Rangachari	Poonamalli High Road, Madras
169	,, Walchand Hirachand	,, Walchand Hirachand	Phoenix, Building, Ballard Etate, Bombay
170	,, K. D. Javeri	Messrs. Walmer & Co. Ltd.	,, ,, ,, ,,
171	,, Motichand G. Shah	,, Pathak & Walchand Ltd.	,, ,, ,, ,,
172	,, Ambalal Sarabhai	Mr. Ambalal Sarabhai	Retreat Shahibag, Ahmedabad
173	,, Mansukhlal Atmaram Master	,, Mansukhlal Atmaram Master	Sudama House, Ballard Estate, Bombay
174	,, Damodar Govindji Madhowji	Messrs. Govindji Madhowji & Co.	16, Apollo Street, Bombay
175	,, H. M. A. Anik	,, H. Anik & Co.	Baria Mansion, opp. Crawford Market Bombay
176	,, Bhagwandas Gordhandas	Mr. Bhagwandas Gordhandas	9, Wallace Street, Fort, Bombay
177	,, Mathuradas Canji Matani	Messrs. Kanji Dwarkadaswala (Messrs. The Bombay Rice Merchants' Association)	53, Mint Road, Bombay

178	Mr. Madhavlal Makanji	Messrs. Madhavlal & Co., Ltd.,	Alice Building, Hornby Road, Bombay
179	„ Nemchand Popatlal Vohora	„ C. K. Vohora & Co.	109, Abdul Rehman Street, Bombay
180	„ Nandlal Madhavdas	„ Amersey Damodar	106, Bhuleshwar Road, Bombay
181	„ Kekhushru Manekji Cooper	Mr. Kekhushru Manekji Cooper	Gazdar House, Hughes Road, Bombay
182	„ Fazulbhoy Ibrahim Rahimtulla	Messrs. Fazulbhoy Ibrahim & Co., Ltd.	Ismail Building, Hornby Road, Bombay
183	„ M. B. Mehta	„ M. B. Mehta & Co.	44, Bank Street, Bombay
184	„ Manilal Jugaldas	Mr. Manilal Jugaldas	4, Green Street, Fort, Bombay
185	„ Hargovind Ambaram Jani	Messrs. Hargovind Shivlal & Co.	Tank Bunder, Mazgaon, Bombay
186	„ Narandas Keshoordas	„ Lalji Godhoo & Co.	Samuel Street, Vadgadi, Bombay
187	„ Manilal Balabhai	„ Manilal Balabhai & Co.	36, Humam Street, Fort, Bombay
188	„ B. F. Madon	Mr. B. F. Madon	Bombay House, Bruce Road, Bombay
189	„ Burjorji C. Sethna	Messrs. Cursetji Bomanji & Co.	19, Bank Street, Fort, Bombay
190	„ Mathuradas Tricumdas	„ Mathuradas V. Kothare & Co.	45, Apollo Street, Fort, Bombay
191	„ Sultan I. Janmohmad	Mr. Sultan I. Janmohmad	C/o Currimbhoy Ibrahim & Sons., Outram Road, Fort, Bombay
192	„ Shantidas Ashkaran	„ Shantidas Ashkaran	"Shanti Nivas" Nepean Sea Road, Bombay

Serial No.	Representatives of Members.	Names of Members.	Addresses.
193	Mr. Vyas Laxmishanker Narbadashanker	Mr. Vyas Laxmishanker Narbadashanker	C/o Vithal Spinning. Mill, Viramgam
194	„ Ishwardas Lukhmidas	„ Ishwardas Lukhmidas	"Garden View", Hughes Road, Bombay
195	„ N. M. Muzumdar	„ N. M. Muzumdar	C/o Tata Sons, Ltd., Bruce Road, Fort, Bombay
196	„ Hatim E. Attari	„ Hatim E. Attari	E. D. Sassoon Building, Ballard Estate, Bombay
197	„ Ishwarlal Ganpatram Gajjar	„ Ishwarlal Ganpatram Gajjar	Parekh Building, New Queens Road, Bombay
198	„ Vassanji Naranji Bhimji	„ Vassanji Naranji Bhimji	Vadgadi, Mandvi, Bombay
199	„ Keshavji Nanji	„ Keshavji Nanji	Laxmidas Khimji Market, Bombay
200	„ Rahimtulla M. Chinoy	Messrs. F. M. Chinoy & Co.	Band stand, Chaupaty, Bombay
201	„ Edulji S. Cooper	„ Palanji Edulji & Sons	New Charni Road, Girgaon, Bombay
202	„ Mulji Ranchhod Ved	Mr. Mulji Ranchhod Ved	C/o. Ved and Sopher, Dalal Street, Fort, Bombay
203	„ Velji Lakhamshi	Messrs. Napoo Nensey & Co.	38/42, Argyle Road, Dana Bunder, Bombay
204	„ Alimohmad R. Macklai	Mr. Alimohmad R. Macklai	99, Esplanade Road, Bombay
205	„ Hakemchand Valamji Kapadia	„ Hakemchand Valamji Kapadia	Mulji Jetha Market, Navi Gopalak Galli, Bombay

206	Mr. J. H. Bhabha	Messrs. The Tata Hydro Electric Power Supply Co., Ltd.	Bombay House, Bruce Road, Fort, Bombay
207	,, Dwarkadas Jekisandas	Mr. Dwarkadas Jekisandas	Dwarkadas Mansion, Sandhurst Road, Bombay
208	,, Birdhichand Podar	Messrs. Cheniram Jesraj & Co.	173/175, Kalbadevi Road, Bombay
20	,, Hansraj Haribhai	,, Hansraj & Co.	20, Elphinstone Circle, Fort, Bombay
210	,, Vallabhdas Runchordas	,, Vallabhdas Runchordas & Co.	Mahim, Bombay 16
211	,, Kapilram H. Vakil	Mr. Kapilram H. Vakil	Navsari Chambers, Hornby Road, Bombay
212	,, C. J. Vurdhman	Messrs. Vurdhman Brothers Ltd.	58, Tamarind Lane, Bombay
213	,, Baldevdas Dalshukhram Dave	,, Somnath Rupjidas Patel	35, 3rd Bhoivada, Bombay
214	,, Ratnamanirao Bhimrao Jhote	,, The Advance Trading Co.	Tamba Kanta, Bombay
215	,, Dawood Haji Nassur	,, Nassur Haji Mavji & Co.	Khoja Mohalla, Bombay
216	,, Narandas Assanmal	Mr. Narandas Assanmal	132, Bhuleshwar Road, Bombay
217	,, Amratlal Amerchand	Messrs. Amerchand Madhowji & Co.	36, Kazi Syed Street, Mandvi, Bombay
218	,, Framji Dorabji Panday	,, Pestonji & Co.	371, Hornby Road, Bombay
219	,, Ahamadi Siraj Vasi	,, Siraj A. Vasi & Co.	65, Apollo, Street, Fort, Bombay
220	,, Moiz Shaikhadam Vasi	,, Shaikhadam Husseinalli Vasi & Co.	Vasi Building 165, Nagdevi Street, Bombay

Serial No.	Representatives of Members.	Names of Members.	Addresses.
221	Mr. Laxmidas G. Tejpal	Mr. Laxmidas G. Tejpal	Vile-Parla (B. B. & C. I. Ry.) Bombay
222	„ Morarji Premji Gocouldas	Messrs. M. P. Gocouldas & Co.	16, Apollo Street, Fort, Bombay
223	„ Behram N. Karanjia	Mr. Behram N. Karanjia	238/40, Musjid Bunder Road, Bombay
224	„ M. N. Gobhai	„ M. N. Gobhai	Do. do. do.
225	„ Madhavdas Gocouldas Pasta	„ Madhavdas Gocouldas Pasta	11, Bastian Road, Fort, Bombay
226	„ Jamnadas Morarji	„ Jamnadas Morarji	Share Bazar, Dalal St, Fort, Bombay
227	„ Sarabhai Prataprai	„ Sarabhai Prataprai	Madhuli, Grant Road, Bombay
228	Sir Dinshaw Manekji Petit Bart.	Sir Dinshaw Manekji Petit Bart.	359, Hornby Road, Bombay
229	Mr. Panachand Manchand	Mr. Panachand Manchand	Shaikh Memon Street, Bombay
230	„ Balkisandas Ramkisandas	„ Balkisandas Ramkisandas	207/209, Kalbadevi Road, Bombay
231	„ K. R. P. Shroff	„ K. R. P. Shroff	80, Esplanade Road, Fort, Bombay
232	„ Pesi R. P. Shroff	„ Pesi R. P. Shroff	Do. do. do.
233	„ Gordhandas Parshottamdas	Messrs. Narandas Manordas & Co.	Shaikh Memon Street, Bombay

234	Mr. Y. G. Pandit	Mr. Y. G. Pandit	Whiteway Laidlaw Building, Hornby Road, Bombay
235	„ R. H. Mody	Messrs. The New India Assurance Co. Ltd.	Central Bank Building, Esplanade Road, Bombay
236	„ Kanji Karsandas	Mr. Kanji Karsandas	Parsi Bazar Street, Fort, Bombay
237	„ Dulerai Vanechand Desai	Messrs. Dulerai & Co.	70, Apollo Street, Fort, Bombay
238	„ S. A. Kamat	„ The Bombay Swadeshi Co-operative Stores, Co., Ld.	Times Building, Hornby Road, Bombay
239	„ K. B. N. Kapadia	„ The Indian Steel Wire Products, Ltd.	65, Apollo Street, Fort, Bombay
240	„ Vithaldas Harjivandas	„ Harjivandas Jagjivandas & Co.	26, Jambulvadi, Kalbadevi Road, Bombay
241	„ Kishandas Munmohandas Ramji	„ The New Kaiser-i-Hind Spg. & Wg. Co., Ltd.	Shushtary Building, Elphinstone Circle, Fort, Bombay
242	„ Maganbhai P. Amin	„ Maganbhai Amin & Co.	32, Apollo Street, Fort, Bombay
243	„ Maganlal Purshottamdas	„ Purshottam Pranvallabh & Co.	Dalal St. Share Bazar, Bombay
244	„ Mohanlal Harakhchand	„ Mohanlal & Co.	257, Shaikh Memon Street, Bombay
245	„ Abubakar Abdulrahman	„ Abubakar Abdulrahman & Co.	Narayan Dhru St. Pydhonie, Bombay
246	„ Jamnadas Purshottam	„ Jethabhai Hirji & Co.	Mulji Jetha Market, Chawk, Bombay
247	„ Tulsidas Karsandas	Mr. Parmanand Karsandas Hargovind	Do. Chawk, Bombay
248	„ D. D. Sethia	Messrs. Shivji Dharamsey Sethia & Co.	Dalal Street, Fort, Bombay

LIST OF MEMBERS OF THE INDIAN MERCHANTS' CHAMBER.

Serial No.	Representatives of Members.	Names of Members.	Addresses.
249	Mr. Tarachand H. Khanna	Mr. Tarachand H. Khanna	56, Abdul Rahman Street, Bombay
250	„ Venilal Jekisandas Vakil	„ Venilal Jekisandas Vakil	Machli Pith, Surat
251	„ Tulsidas Ramdas	„ Tulsidas Ramdas	C/o Ebrahim Tulsidas & Co., Narayan Dhru Street, Pydhonie, Bombay
252	„ Pragji Dayal Hariani	„ Pragji Dayal Hariani	112, D'Souza Street, Mandvi, Bombay
253	„ Venkatrao Chimanlal Setalvad	Messrs. J. C. Setalvad & Co.	Jehangir Wadia Building, Esplanade Road, Fort, Bombay
254	„ Narandas Bhawanji	„ Narandas Bhawanji & Co.	Gadhsisa (Cutch)
255	„ Purshottam Hirji	„ Hirji Govindji & Co.	82, Baroda St, Dana Bunder, Bombay
256	„ Chimanlal Mohanlal	„ Chimanlal Mohanlal & Co.	Patel Building, Javeri Bazar, Bombay
257	„ Balabhai Jamnadas	„ The Gujarat Oil Mill & Mfg. Co, Ltd.	Asharva, Post Kalupur, Ahmedabad
258	„ Ratan C. Gazdar	„ Bomanji C. Gazdar & Co.	16, Apollo Street, Fort, Bombay
259	„ Maneklal Ujamshi	Mr. Maneklal Ujamshi	70, Apollo Street, Fort, Bombay
260	„ Dullabhdas H. Gandhi, Esq.	„ Ranchhoddas Harjivandas Gandhi	Ramchandra Building, Princess Street, Bombay
261	„ Sorab Framji Bharoocha	„ Sorab Framji Bharoocha	7/10, Elphinstone Circle, Fort, Bombay

262	Mr. Maganlal Dahyabhai	Messrs. Dahyabhai Vassanji & Sons.	Vithaldas Road, Princess Street, Bombay
263	„ Husseinbhoy Hassum	Mr. Husseinbhoy Hassum	164/66, Samuel Street, Mandvi, Bombay
264	„ Kanchanlal Varajdas	Messrs. M. Kanji & Co.	Cawasji Patel Street, Fort, Bombay
265	„ Dayaldas Narandas Kanji	„ Narandas Kanji & Co.	Mulji Jetha Market, Nava Govind Chawk, Bombay
266	„ Kanji Dwarkadas	Mr. Kanji Dwarkadas	Yusuf Building, Church Gate, Street, Bombay
267	„ Karsandas Tejpal	Messrs. Karsandas Tejpal & Co.	Badham Pile Building, Rampart Row, Bombay
268	„ Shamji Hemraj	„ Shamji Hemraj & Co.	Ready Money Mansion, Churchgate St., Bombay
269	„ N. G. Muzumdar	„ The Sholapur Spg. & Wg. Co., Ltd.	Sudama House, Ballard Estate, Fort, Bombay
270	„ Laxmidas G. Dossa	„ Goculdas Dossa & Co.	14, Humam Street, Fort, Bombay
271	„ Morarji Keshavji	„ Morarji & Hormasji	Shaikh Memon Street, Champa Galli, Bombay
272	„ Bomanji Dorabji Kapadia	Mr. Bomanji Dorabji Kapadia	Engineer Building, Princess Street, Bombay
273	„ Motiram Waghji	Messrs. Pragji Liladhar & Co.	Bhat Bazar, Mandvi, Bombay
274	„ Ruttonchund Tullockchund Master	„ Master Sons & Co.	Cama Chambers, 23, Meadows Street, Bombay
275	„ Gustadji Dossabhoy Billimoria	Mr. Gustadji Dossabhoy Billimoria	Chinoy Mansion, Wode house Road, Colaba, Bombay
276	„ Thakorlal Hiralal Vakil	Messrs. Vakil Brothers	73, Apollo Street, Bombay

Serial No.	Representatives of Members.	Names of Members.	Addresses.
277	Mr. Chunilal Baldevdas	Mr. Chunilal Baldevdas	C/o Mulchand Kantilal, Tamba Kanta, Bombay
278	„ B. D. Sardesai	Messrs. The Tata Construction Co., Ltd.	Phoenix Building Ballard Estate, Bombay
279	„ Veerji Peraj	Messrs. Chaturbhuj Peraj & Co.	Bhandari St. Mandvi, Bombay
280	„ H. H. Belgaumwalla	Mr. H. H. Belgaumwalla	Hubli
281	„ Nowroji H. Belgaumwalla	„ Nowroji H. Belgaumwalla	C/o The Bombay Samachar Office, Frere Road, Bombay
282	„ S. C. Bannerji	Messrs. Marsland Price & Co. Ld.	Phoenix Building, Ballard Estate, Bombay
283	„ Khusal T. Shah	Mr. Khusal T. Shah	New University Building, Esplanade, Road, Bombay
284	„ Narotam V. Purshottam	Messrs. Vithal Purshottam & Son.	Apollo Street, Fort, Bombay
285	„ Nensey Tejpal	Mr. Nensey Tejpal	Nana Colaba, Thomas Street, Bombay
286	„ Framroze A. Mody	„ Framroze A. Mody	Oomrigar Bldg Carnac Road, Bombay
287	„ Jamnadas Amarchand Gandhi	Messrs. The Japan & Shanghai Silk Merchants' Association	Jackeria-musjid, Bombay
288	„ S. J. Pandya	„ The Scindia Steam Navigation Co., Ltd.	Sudama House, Ballard Estate, Fort, Bombay

289	Mr. Ranchhoddas Tribhovandas Popavala	Mr. Ranchhoddas Tribhovandas Popavala	12/14, Church Gate, Street, Bombay
290	,, Husseinbhoy A. Laljee	Messrs. Abdullabhoy Laljee & Co.	Samuel Street, Mandvi, Bombay
291	,, Nowroji Ardeshir Nariel-wala	,, A. S. Narielwala & Sons.	Cavasji Patel Street, Fort, Bombay
292	,, Balvant Krishna Rao Wagle	Mr. Balvant Krishna Rao Wagle	220, Kandewady, Girgaum, Bombay
293	Sir M. Visvesvaraya	Sir M. Visvesvaraya	Uplands, High Ground, Bangalore
294	Mr. M. G. Mehta	Messrs. Bakubhai Ambalal & Co.	65, Apollo Street, Fort, Bombay
295	Sir Jamsetjee Jijibhoy, Bart.	Sir Jamsetjee Jijibhoy, Bart.	Mazgaon Castle, Bombay
296	Mr. C. B. Nanavati	Messrs. Nanavati Vevaina & Co.	Sudama House, Ballard Estate, Bombay
297	,, B. J. Modi	,, The Jupiter General Insurance Co., Ltd.	Tamarind Lane, Fort, Bombay
298	,, B. M. Bhargava	,, The Union Bank of India, Ltd.	Apollo Street, Fort, Bombay
299	,, Gulabchand Devchand Javeri	,, The Pearl Merchants' and Jewellers' Association	5, Queens Road, Bombay
300	,, R. N. Bapasola	Mr. R. N. Bapasola	18, Rampart Row, Fort, Bombay
301	,, Manmohandas Madhavdas Amersey	Messrs. Amersey & Sons	Sudama House, Ballard Estate, Bombay
302	,, Lalji Rowji Khant	Mr. Surji Vallabhdas Colour & Co.	15/19, Samuel Street, Mandvi, Bombay
303	,, Ratansey Karsandas	Messrs. Karsandas Ranchhoddas	66, Bazar Gate Street, Fort, Bombay

Serial No.	Representatives of Members.	Names of Members.	Addresses.
304	Mr. Jehangir P. Katgara	Messrs. Jeena & Co.	Gresham Building, Esplanade Road, Fort, Bombay
305	„ Dhruva Sumanas	Mr. Dhruva Sumanas	65, Apollo Street, Fort, Bombay
306	„ Jayantilal Bhaidas	Messrs. The Indian Engineering Co.	Bedham Pile Building, Rampart Row Fort, Bombay
307	„ Nensey Narandas Topan	„ Narandas Topan	Tamba Kanta, Pydhonie, Bombay
308	„ Pritamdas B. Advani	Mr. Pritamdas B. Advani	Marzban Road, Fort, Bombay
309	„ Keshavlal Lallubhai	„ Keshavlal Lallubhai	Khokha Bazar, Bhajipala Lane, Bombay
310	„ Morarji Mulraj Khatau	Messrs. The Khatau Makanji Spg. & Wg. Co., Ltd.	Laxmi Building, 42, Ballard Road, Bombay.
311	„ Raghunath Chintaman Sohoni	Mr. Raghunath Chintaman Sohoni	Tukaram Building, Chikhalwadi, Grant Road, Bombay
312	„ Cursetji Limji	Messrs. The Bombay Cycle and Motor Agency, Ltd.	16, New Queens Road, Bombay
313	„ Nassurvanji S. Guzdar	Messrs. Nassurvanji S. Guzdar & Co.	Canada Building, Home Street, Fort, Bombay
314	„ Gordhandas Gocouldas Morarji	Mr. Gordhandas Gocouldas Morarji	"Mor Baug" Nayagaum Road, Dadar
315	„ Devidas Shamji	„ Devidas Shamji	Mulji Jetha Market, Chawk, Bombay
316	„ Girdhardas Liladhar	Messrs. Girdhardas Liladhar & Co.	16, Apollo Street, Fort, Bombay

317	Mr. B. Das	Messrs. B. Das & Co.	P. C. Chandni Chowk, Cuttack
318	„ Hiralal Chaganlal	„ Chaganlal & Co.	Carnac Bunder, Bombay
319	„ Maneklal Girdharlal	„ Chunilal Harilal & Co.	4, Green Street, Fort. Bombay
320	„ Chaturbhuj Khiyasey	„ Damji Assaria & Co.	81–83, Chinch Bunder, Bombay
321	„ Amiruddin Shalebhoy Tyebji	„ Shalebhoy Tyebji & Sons.	28, Bank Street, Fort, Bombay
322	„ Vishvanath P. Vaidya	Mr. Vishvanath P. Vaidya	Kirti Building, 37-39, Forbes St. Fort, Bombay
323	„ Behramji N. Gamadia	„ Behramji N. Gamadia	18, Homji Street, Fort, Bombay
324	„ H. M. Chowna	Messrs. H. M. Chowna & Co.	73, Apollo Street, Fort, Bombay
325	„ N. B. Saklatvala	„ The Tata Mills Ltd.	Bombay House, Bruce Road, Fort, Bombay
326	„ N. B. Saklatvala	„ The Svadeshi Mills Co. Ltd.	Do. do. do. do.
327	„ M. P. Mehta	„ The David Mills Co. Ltd.,	E. D. Sassoon Building, Ballard Estate, Bombay
328	„ S. D. Saklatvala	„ The Standard Mills Co. Ltd.	Bombay House, Bruce Road, Fort, Bombay
329	„ Chamanlal Girdhardas Parekh	„ The Industrial Bank of Western India Ltd.	Lal Darvaja, Ahmedabad
330	„ Habib Ismail	„ Khoja Mithabhai Nathoo	Hanuman Building, Tamba Kanta, Bombay
331	„ Tribhovandas Pragji	Mr. Tribhovandas Pragji	Bhabha Building, Princess St. Bombay

Serial No.	Representatives of Members.	Names of Members.	Addresses.
332	Mr. Ranchhoddas Tribhovandas Mody	Messrs. Ranchhoddas Tribhovandas Mody	Ridge Road, Malabar Hill, Bombay
333	,, H. P. Mody	,, H. P. Mody	Gresham Building, Esplanade Road, Bombay
334	,, Ebrahim Gulamhussein Currimbhoy	,, Ebrahim Gulamhussein Currimbhoy (of Messrs. Currimbhoy Ebrahim & Sons)	12-14, Outram Road, Fort, Bombay
335	,, Pirozshaw Ratanji Desai	,, Pirozshaw Ratanji Desai	Nakhoda Street, Mandvi, Bombay
336	,, S. Haji	Messrs. Narottam Ltd.	Sudama House, 31, Sprott Road, Ballard Estate, Bombay
337	,, Shantikumar Narottam Morarjee	Mr. Shantikumar Narottam Morarjee	Shanti Bhuvan, Peddar Road, Bombay
338	,, P. N. Vevaina	Messrs. The Eastern Bunkerers Ltd.	Sudama House, Ballard Estate, Fort, Bombay
339	,, R. M. Marshall	,, R. M. Marshall & Co.	Raja Terrace, Lamington Road, Bombay
340	,, Shiavax C. Cambata	,, Shiavax C. Cambata & Co. Ltd.,	Cook's Building, Hornby Road, Fort, Bombay
341	,, Husseinally Mahomedbhoy Currimbhoy	Mr. Husseinally Mahomedbhoy Currimbhoy.	12-14, Outram Road, Fort, Bombay
342	Sir Currimbhoy Ebrahim Bart.	Sir Currimbhoy Ebrahim Bart.	Do. do, do. do. do.
343	Mr. Nooroodin Abdulhussein Nooroodin	Messrs. The Bombay Paper and Stationery Merchants' Association	Wakefield House, Ballard Estate, Bombay

344	Mr. Curmali Ibrahim	Messrs. Curmali Ibrahim & Co.	165/167, Khoja Mohalla, Mandvi, Bombay
345	,, Nowroji M. Dumasia	Mr. Nowroji M. Dumasia	C/o Times of India Office, Fort, Bombay
346	,, Jamnadas Vussonji Munji	Messrs. Keshavji Morarji Vussonji & Co.	Shustary Building, Elphinstone Circle, Bombay
347	,, Hansraj Gocouldas Naranji	,, Hansraj Gocouldas & Co.	9, Wallace Street, Fort, Bombay
348	,, Hasam Rahimtulla	Mr. Hasam Rahimtulla	Chickpet, Bangalore City.
349	,, Phirojshaw D. Patel	,, Phirojshaw D. Patel	Mulji Jetha Market, Gordhan Gulli, Bombay
350	,, B. J. Modi	Messrs. The Cotton & Commercial Trust, Ltd,	Ewart House, Tamarind Lane, Fort, Bombay
351	,, Kallianji Curumsey Damji	,, L. K. Vussonji & Co.	Sohrab House, Hornby Road, Fort, Bombay
352	,, S. D. Parikh	,, The Bombay Bullion Exchange, Ltd.	Shroff Bazar, Bombay
353	,, Dawoodkhan Shalebhoy Tyebjee	,, Amit Brothers	28, Bank Street, Fort, Bombay
354	,, Suleman Cassum Haji Mitha	Mr. Suleman Cassum Haji Mitha	27, Kolsa Mohalla, Pydhonie, Bombay
355	Sir Ibrahim Rahimtulla	Sir Ibrahim Rahimtulla	Ismail Building, Hornby Road, Fort, Bombay
356	Mr. Mahomedbhoy Gulam-hussein	Messrs. Hatimbhoy Gulamhussein & Brothers	193, Nagdevi Street, Bombay
357	,, Mafatlal Gagalbhai	Mr. Mafatlal Gagalbhai	Rustom Building, Churchgate Street, Bombay
358	,, Jugatram S. Vaidya	Messrs. The Zandu Pharmaceutical Works, Ltd.	Elphinstone Road, Bombay 13

Serial No.	Representatives of Members.	Names of Members.	Addresses.
359	Mr. Framroze Pestonji	Messrs. P. Framroze & Co.	"Standard Building," Hornby Road, Bombay
360	„ M. C. Ghia	„ M. C. Ghia & Co.	18, Hamam Street, Fort, Bombay
361	„ Burjor S. J. Aga	„ Shapoorji N. Chandabhoy & Co.	"Morarbhai Building, 43, Apollo Street, Fort, Bombay
362	„ Kaikhushroo Bezenjee N. Capadia	Mr. Kaikhushroo Bezenjee N. Capadia	"Capadia House" Cumbala Hill, Bombay
363	„ Hoosenally M. Rahimtulla	Messrs. Jaffer Rahimtulla & Co.	74, Tandel Street, Umarkhadi, Bombay
364	Hon. Sir S. R. M. Annamalai Chetty	Hon. Sir S. R. M. Annamalai Chetty	"Natana Vilas" 38, P. C. Road, Vepery Madras
365	Mr. Sankalchand G. Shah	Messrs. Sankalchand G. Shah & Co.	Kothari Building, Tamba Kanta Bombay
366	„ Vadilal Maganlal	„ Maganlal Dipchand	Khand Bazar, Bombay
367	„ Meyer Nissim	Mr. Meyer Nissim	Esplanade Road, Fort, Bombay
368	„ Dahya'al Makanji Javeri	The Bombay Diamond Merchants' Association	Javeri Bazar, Bombay
369	„ D. D. Writer	Messrs. D. Writer & Co.	Arab Lane, Corner Grant Road, Bombay
370	„ Popatlal Girdharlal	„ Popatlal Girdharlal & Co.	Nanji Building,, Circle, Fort, Bombay

371	Mr. M. P. Lohara	Messrs. Vithaldas Parshottam & Co. (The Bombay Rice Merchants' Association)	New Rice Market, Carnac Bunder, Bombay
372	„ Keshavprasad C. Desai	„ The Industrial & Prudential Assurance Co. Ltd, :	Jehangir Wadia Building, Esplanade Road, Bombay
373	„ Sorabji Rustomji Mody	„ Furdoonji Khurshedji Mody & Sons.	Reay Road, Tank Bunder, Bombay
374	„ Jawahirmal Mulchand	„ Rai Bahadur Tikamchand	177/179, Kalbadevi Road, Bombay
375	„ Nariman M. Pohowalla	„ The Bombay Glass Bangles Merchants' Association	82, Bazar Gate Street, Fort, Bombay
376	„ Himatlal Trimbaklal Muni	„ Chaturbhuj Bhaichandbhai & Co.	361, Hornby Road, Fort, Bombay
377	„ Dhirajlal C. Modi	„ The Gujerati Type Foundry	Gaiwadi, Girgaon, Bombay
378	„ Manu Subedar	„ The Peninsular Locomotive Co, Ltd.	Kodak House, Hornby Road, Fort, Bombay
379	„ Hiralal Maganlal Desai	„ The Union Chemical Agency	70, Apollo Street, Fort, Bombay
380	„ Fateh Mahomed F. Munshi	„ The Gujrat Islam Match Mfg. Co., Ltd.	Kankaria Road, Ahmedabad
381	„ T. M. Musabhoy	„ M. Musabhoy & Son.	34/38, Jijibhoy Dadabhoy Street, Fort, Bombay
382	„ J. J. Sopher	„ Ved & Sopher	Dalal Street, Fort, Bombay
383	„ N. R. Khambati	„ The Trinity Electric Syndicate	Princess Street, Bombay
384	„ Kalyanbhai Sarabhai Javeri	„ Sarabhai & Sons	Nawab Building, Hornby Road, Fort, Bombay.

Serial No.	Representatives of Members.	Names of Members.	Addresses.
385	Mr. Husein Suleman Mitha	Messrs. The Sugar Merchants' Association	Khand Bazar, Bombay
386	Dr. S. W. Patil	„ The Indian Co-operative Navigation & Trading Co., Ld.	Keshavji Building, 149, Frere Road, Bombay
387	Mr. Ramdas Khimji	„ Ramdas Khimji Trading Co, Ltd.	Albert Building, Hornby Road, Fort, Bombay
388	„ C. R. H. Readymoney	„ India International Co.	Readymoney Mansion, Churchgate St., Bombay
389	„ Narayanlal Bansilal Pittee	Mr. Narayanlal Bansilal Pittee	20, Apollo Street, Fort, Bombay
390	„ Khimchand A. Mehta	Messrs. Mehta & Co.	119, Meadows Street, Fort, Bombay
391	„ Sivji Sojpal	„ Vissonji Sivji & Co.	387/89, Dongri Street, Mandvi, Bombay
392	„ F. E. Dinshaw	Mr. F. E. Dinshaw	C/o Messrs. Payne & Co. Solicitors, Esplanade Road, Fort, Bombay
393	„ Sorab Dalal	Messrs. Sorab Dalal Tile Works	"Westview", Khanpur Road, Ahmedabad
394	„ F. J. Bhumgara	Mr. F. J. Bhumgara	28, Camomile Street, London, E. C. 3
395	„ B. K. Lahiri	Messrs. The Bengal Laxmi Cotton Mills. Ltd.	28, Pollock Street, Calcutta
396	Hon. Mr. Rattansey D. Morarji	„ The Dharamsey Morarji Chemical Co, Ltd.	Sudama House, Ballard Estate, Bombay,
397	Do. do.	„ The Dharamsey Morarji Woollen Mills, Ltd.	Do do. do.

398	Mr. Bhogilal Labercband Javeri	Messrs. Batliboi & Co.	Forbes Street, Fort, Bombay
399	„ Abdulla Fazulbhoy	„ Bombay Motor Exchange	Queen's Road, Opp Marine Lines Station, Bombay
400	„ H. F. Commissariat	Mr. H. F. Commissariat	Commissariat Building, Hornby Road, Fort, Bombay
401	„ Girdharilal Kishendial	Messrs. Tulsidas Kishendial	56, Mirchi Lane, Mandvi, Bombay
402	„ Farroke E. Bharucha	Mr. Farroke E. Bharucha	Canada Building, Hornby Road, Bombay
403	„ Haji Goolam Mahomed Ajam	„ Haji Goolam Mahomed Ajam	152, Nagdevi Street, Bombay
404	„ R. K. Kaul	Messrs. Sir Daya Kishan Kaul Sons & Co.	5, Abbot Road, Lahore
405	„ Byramjee Jeejeebhoy	Mr. Byramjee Jeejeebhoy	Alice Building, Hornby Road, Bombay
406	„ B. S. Lalkaka	Messrs. The Pioneer Magnesia Works	10, Rampart Row, Fort, Bombay
407	„ Dharamsey Mulraj Khatau	Mr. Dharamsey Mulraj Khatau	42, Ballard Road, Fort, Bombay
408	„ Ramdev Anandilal Podar	Messrs. Anandilal Podar & Co.	Marwari Bazar, Bombay
409	„ Jehangir Ruttonji Dubash	Mr. Jehangir Ruttonji Dubash	24, Carnac Bridge Road, Bombay
410	„ Govinddas Maneklal	„ Govinddas Maneklal	Asarva Road, Ahmedabad
411	„ Bhaidas Nanalal	Messrs. Bhaidas Karsondas & Co.	7/10, Elphinstone Circle, Bombay
412	„ Parshotamdas Vallabhdas	Mr. Parshotamdas Vallabhdas	Damodar Mansion, Girgaum Road, Bombay

Serial No.	Representatives of Members.	Names of Members.	Addresses.
413	Mr. Tribhovandas Purshotam	Messrs. Narotamdas Ramchund & Co.	C/o Mackinon Mackenzie & Co., Ballard, Estate, Bombay
414	,, Vrajlal Jivandas	,, Lukhmidas Vrajlal & Co.	M. J. Market, Govind Galli, Bombay
415	,, J. K. Dubash	Mr. J. K. Dubash	Dady House, 12-14, Churchgate Street, Bombay.
416	,, Mulji Lakhmidas	Messrs. Vussonji Morarji	36, Holi Chuckla, Bombay
417	,, Ratilal Mulji Gandhi	,, Ranchhoddas Pragji & Co.	Dana Bunder, Bombay
418	,, Dayaram Sadhumal	,, Dayaram Sadhumal	Jackeria Musjid, Halai Mohalla, Bombay
419	,, Ramdas Raghowji	,, Raghowji Govindji & Co.	Mulji Jetha Market, Navi Galli, Bombay
420	,, Jagmohundas Kaliandas	Mr. Jagmohundas Kaliandas	"Laila Hall" Mount Mary, Bandra
421	,, M. S. Captain	Messrs. Captain & Vaidya	121, Esplanade Road, Fort, Bombay
422	,, Kanji Gordhandas Toprani	Mr. Kanji Gordhandas Toprani	107, Bazargate St., Fort, Bombay
423	,, Lachhmandass Harkhchand Daga	Messrs. Rai Bahadur Bansilal Abirchand	558/62, Shaikh Memon St., Bombay
424	,, Tribhovan Kesavji	,, Tribhovan Kesavji & Co.	271, Frere Road, Fort, Bombay
425	,, V. P. Lalan	,, Lalan & Co.	Elphinstone Circle, Fort, Bombay

426	Mr. Pestonji Naoroji Kapadia	Messrs. Madhowji & Naoroji	113, Esplanade Road, Fort, Bombay
427	„ Hormasji Pestonji Kapadia	„ Do. do.	Do. do. do.
428	„ Manilal Amarchand	„ Amarchand Madhowji & Co.	Kazi Syed St., Bombay
429	„ Sunderdas Thakersey Rajda	„ Sunderdas Thakersey Rajda	45, Old Hanuman Lane, Kalbadevi Road, Bombay
430	„ Gopalji Ratansey	„ Jethabhai Gopalji & Co.	Mulji Jetha Market, Pragraj Galli, Bombay
431	„ Chunilal Bhaichand Metha	Mr. Chunilal Bhaichand Mehta	50, Marwari Bazar, Bombay
432	„ Apaji B. Amin	Messrs. Apaji Amin & Co.	Bharucha Bldg., Princess Street, Bombay
433	„ S. B. Cardmaster	„ The Bombay Life Assurance Co., Ltd.	Apollo Street, Fort, Bombay
434	„ Ratilal M. Nanavati	„ Kantawalla Nanavati & Co., Ltd.	Tamarind Lane, Fort, Bombay
435	„ Shapurji Sorabji	„ Sorabji Shapurji & Co.	Ballard Estate, Fort, Bombay
436	„ Haji Essa Haji Oosman Poonawalla	„ Haji Noormahomed & Haji Essa	20, Club Back Road, Byculla, Bombay
437	„ J. B. Boman-Behram	Mr. J. B. Boman-Behram	Sea side, Colaba,
438	„ Jivanlal Motichand Shah	Messrs. Jeevanlal & Co.	Kansara Chawl, Kalbadevi Road, Bombay
439	„ Sultan Chinoy	„ The Bombay Garage	Opp. Band Stand, Chaupatty, Bombay
440	„ Pherozeshah J. Marzban	„ J. B. Marzban & Co.	Jam-e-Jamshed Office, Ballard House, Manglore St., Fort, Bombay

Serial No.	Representatives of Members.	Names of Members.	Addresses.
441	Mr. Ahmed N. Futehally	Messrs. N. Futehally & Co.	19, Bank Street, Fort, Bombay
442	„ Pandharinath Ramrao Dalvie	„ Dalvie Brothers	1, Bruce Road, Fort, Bombay
443	„ Ballabhdas Eswardas Agrawal	Mr. Ballabhdas Eswardas Agrawal	Khandwa, (C. P.)
444	„ Bhawanji A. Khimji	Messrs. Arjan Khimji & Co.	Navsari Chambers, Outram Road, Fort, Bombay
445	Capt. S. A. Paymaster	Capt. S. A. Paymaster	C/o Thomas Cook & Son., Hornby Road, Fort, Bombay
446	Mr. Mathradas Khimji	Messrs. The Jamnadas Nursey Ginning & Pressing Co., Ltd.	Albert Building, Hornby Road, Fort, Bombay
447	„ Karamchand Chunilal	Mr. Karamchand Chunilal	Sriram Mansions, Sandhurst Road, Bombay

Admitted in the year 1927.

448	Mr. Kasturbhai Lalbhai	Mr. Kasturbhai Lalbhai	Pankor Naka, Ahmedabad
449	„ Rustom Pestanji Masani	„ Rustom Pestanji Masani	Central Bank, Building, Esplanade Road, Bombay
450	„ Dwarkadas Chhotalal Vakil	„ Dwarkadas Chhotalal Vakil	12, Third Parsivada, Girgaum Back Road, Bombay, 4
451	Rao Bahadur Laxman Vishwanath Pophale	Rao Bahadur Laxman Vishwanath Pophale	Malegaon, District, Nasik.

Rules and Regulations of the Indian Merchants' Chamber.

(As amended upto 27th November 1926.)

Name. 1. The Association shall be styled "The Indian Merchants' Chamber."

Office. 2. The office of the Chamber will be situate in Bombay.

Objects. 3. The objects for which the Chamber is established are :—

(a) To encourage friendly feeling and unanimity among business community on all subjects connected with the common good of Indian merchants.

(b) To secure organised action on all subjects relating to the interests of the Indian business community directly and indirectly.

(c) To promote the objects of the Indian business community in matters of inland and foreign trade, shipping and transport, industry and manufacture, banking and insurance.

(d) To collect and disseminate statistical and other information securing the promotion of objects of the Chamber, and to make efforts for the spread of commercial and economic knowledge.

(e) To take all steps which may be necessary for promoting, supporting or opposing legislation or other action affecting the aforesaid interests by the Government or

any Department thereof or by any local body or bodies and in general to take the initiative to secure the welfare of the business community in all respects.

(*f*) To make representations to Local, Central or Imperial authorities, Executive or Legislative, on any matter affecting trade, commerce, manufacture or shipping, banking or insurance.

(*g*) To undertake by arbitration the settlement of commercial disputes between merchants and businessmen and also to provide for arbitration in respect of disputes arising in the course of trade, industry or transport, and to secure the services of expert technical and other men to that end if necessary or desirable.

(*h*) To advance and promote commercial and technical education and to found and support establishments and institutions for such purposes.

(*i*) To undertake special enquiries and action for securing redress for legitimate grievances of any branch of trade or industry as also all such other actions as may be conducive to the extension of trade, commerce or manufactures, or incidental to the attainment of the above objects.

(*j*) To secure the interests and well-being of the Indian business communities abroad.

(*k*) And generally to do all that may be necessary in the interests of the realisation of the above objects of the Chamber directly or indirectly.

Members.

4. There shall be three classes of members :- (1) Ordinary, (2) Patrons and (3) Honorary.

(1) There will be three classes of ordinary members :—

(*a*)—Residents of Bombay and its suburbs who will have to pay Rs. 75 as annual subscription ; but Joint-stock Companies will have to pay Rs. 100 per year.

(*b*)—Mofussil members who will have to pay Rs. 25 as annual subscription.

(*c*)—Associations which will have to pay Rs. 125 as annual subscription.

Admission Fee: All the ordinary members and patrons will have to pay Rs. 100 as admission fee which will be credited to a capital fund of the Chamber and shall not be expended on revenue account except with the consent of the general body.

(2) Patrons:—Indian firms or individual Indian merchants can join as Patrons. Firms will have to pay Rs. 5,000 and individuals Rs. 2,500 as donation, the proceeds of which will be credited to a capital fund which shall not be expended on revenue account but the interest whereof shall be taken to revenue account.

(3) Honorary members:—Gentlemen distinguished for public services or eminent in commerce and manufactures or otherwise interested in the aims and objects of the Chamber may be elected as Honorary members by a General Meeting of the Chamber by two-thirds of the majority of members present at the meeting on the recommendation of the Committee and as such shall be exempted from paying subscriptions. They shall not be entitled to vote at any meeting of the Chamber nor shall they be eligible to serve on the Committee.

Eligibility for membership of the Chamber.

5. Any Indian gentleman, firm or association engaged in mercantile pursuits or interested in trade and commerce desirous of joining the Chamber shall be eligible for membership.

Election of members.

6. (*a*) The applicant, whether an individual or a firm or an association, shall sign the admission form giving details of one's business and send it to the Secretary with the signatures of the proposer and the seconder, who must be members of the Chamber. This application shall be submitted to the Committee who will fix the dates for the election by ballot, and appoint a scrutineer. At least seven days' notice shall be given to all the members, stating dates for voting and the names of candidates with their proposers and seconders. Votes shall be received during the said seven days from 11 A. M. to 4 P. M. (B. T.)

(*b*) On the seventh day the ballot-box shall be opened at 4 P. M. (B. T) by a scrutineer and the Secretary who will jointly declare the result of the voting.

(*c*) At least one tenth of the members of the Chamber must register their votes to make the ballot valid.

(*d*) In all voting for election to membership the presence in the ballot box of black balls in the proportion of one in six shall exclude.

Twelve negative votes shall be deemed to exclude.

Resignation.

7. A member wishing to resign shall give written notice to the Secretary not less than one calendar month before the completion of his annnal period; otherwise he will be liable for the subscription for the next year.

Disqualifications of members.

8. A member shall be deemed to be disqualified if:

(*a*) he becomes an insolvent,

(*b*) he fails to discharge his subscription for a period extending over twelve months.

Privileges of members.

9. A member of the Chamber shall be entitled

(a) To obtain gratis publications of the Chamber,

(b) To the free use of the Chamber's library,

(c) To vote at all meetings of the Chamber or on any matter referred to the General body of members by circular,

(d) To be elected as an office bearer of the Chamber.

Meetings of members

10. There shall be held a general meeting of members, which shall be called the Annual Ordinary General Meeting within a month of the 31st December when the official year of the Chamber closes (provided that the Committee can extend the period upto a fortnight by a special resolution), to transact the following business :—

(a)—To receive the annual report of the retiring Committee and the audited statement of accounts of the Chamber.

(b)—To record the declaration of the result of election of office-bearers for the ensuing year.

(c)—To elect an auditor for the ensuing year.

(d)—To transact such other business of which notice may have been given by a member five clear days before the date fixed for the Ordinary General Meeting, and of which the Secretary will have given notice to the general body of members by post or otherwise two days before the date of the meeting.

There shall be held during the course of the year, in addition to the Annual Ordinary General Meeting three other ordinary meetings when a resume of the work done during the previous quarter will be supplied to members.

A Special General meeting of members may also be called whenever the Committee think fit; and the Committee shall also call a Special General Meeting on the requisition in writing of at least 10 members of the Chamber stating the object of the meeting.

At least three days' clear notice shall be given to members specifying the day, place, hour and objects of the meeting even when the Special General Meeting is convened by the Committee.

Ten days' clear notice of all other General Meetings, whether ordinary or special, shall be given to members specifying the day, place, hour and object of the meeting. Such General Meetings will also transact such other business of which notice has been given by a member five clear days before the date fixed for the meeting and of which the Secretary has given notice either by post or otherwise to the general body of membes two days before the date of the meeting.

Quorum.

11. 15 members shall be deemed a quorum for a General Meeting, whether Ordinary or Special. No business can be transacted at any General Meeting, whether Ordinary or Special, if within 30 minutes of the hour specified for the meeting no quorum is formed. In that case the meeting shall stand adjourned to such date, hour and place as the members present at the meeting may fix.

Adjourned Meeting.

12. An adjourned meeting can transact the business for which it is called without the necessary quorum.

Chairman.

13. The Chairman of the Committee shall preside at every General Meeting, or the Vice-Chairman in his absence. In the case of the absence of the Chairman as well as the Vice-Chairman, the members present may vote one from among themselves to take the chair.

Voting at meetings.

14. Every resolution submitted to the meeting shall be decided by a show of hands. In the case of equality of votes the Chairman shall have a casting vote in addition to his own vote. Each member has the right to speak and vote on any subject which may be submitted for consideration at any General Meeting, provided that firm or

association having more than one member shall have one vote only though its several members may be present at the meeting and take part therein.

Managing Committee.

15. At every Annual Ordinary General Meeting there shall be elected a Committee to carry out the objects of the Chamber, consisting of the Chairman, the Vice-Chairman, and 23 members.

Vacancy in the Committee.

16. The Committee shall fill up any vacancy of an ordinary member thereof occuring during the year.

Non-attendance of a member of the committee without the previous permisssion of the Committee at meetings of the Committee for three months consecutively will be considered a disqualification for his membership of the Committee and his office shall be considered vacant for the purposes of this rule.

The Secretary will send a reminder to a member of this rule if he has absented himself for two months without the required premission.

Vacancy in the office of the Chairman or the Vice-Chairman.

17. Any vacancy during the year in the office of the Chairman or the Vice-Chairman created by resignation or by his going out of India for more than one month shall be filled up by election in accordance with rule No. 26.

If the Vice-Chairman goes on leave in India for more than one month, the Committee shall appoint a substitute during his absence from among its own members.

Retirement of the Committee.

18. The Committee shall retire at the end of its term of office but shall continue in office till its successor is appointed.

19. The Committee shall frame its own rules for the purpose of regulating its proceedings which may be amended or altered or revised as it may deem expedient.

Rules of the Committee.

20. The Committee shall have the power to appoint a Secretary on such remuneration as it may deem proper and prescribe his duties and functions.

Secretary.

21. The Committee shall cause accounts of the Chamber to be kept and all receipts and funds shall be paid into such bank or banks as may be selected by it. Such accounts shall be regularly audited at the close of the year, and adopted at the Ordinary Annual General Meeting.

Accounts of the Chamber.

22. The Committee shall meet at least once a month to dispose of all communications and references and consider all matters which may be on the agenda.

Meetings of the Committee.

23. The Committee shall cause to be kept a book in which the minutes of the proceedings shall be regularly recorded.

Minute Book.

If a member of the Chamber wishes to see this minute book he can do so after giving at least 24 hours' notice to the Secretary of the Chamber.

24. After the commencement of a new official year, representatives of principal trades who are members of the Chamber shall be asked by the Committee to elect Sub-Committees of five members from amongst themselves. All questions relating to these trades coming before the Committee during the course of the year shall be first referred to such Sub-Committees whose suggestions shall then be placed before the Committee. Such Sub-Committees shall be formed only for those trades which have at least ten representatives as members

Sub-committees.

of the Chamber. The work of electing Sub-Committees shall ordinarily be done by the representatives themselves, but they can have the assistance of the Secretary of the Chamber if they require it.

The Committee shall at their discretion appoint a Sub-Committee from among their members to consider and report upon such special matters as they may deem expedient and they shall also have the power to invite at their meeting persons other than members of the Chamber and the Committee to consult them or take their advice on such matters as may be deemed necessary.

Register of members.

25. The Secretary shall state in the register of members of the Chamber names of gentlemen who may be representing, for the time being, any members of the Chamber whether associations, firms or individuals. These names will also be given in the lists of members submitted to members for the election of office-bearers and representatives of the Legislative Council and such other public bodies. The elected gentlemen will be considered to be personally elected as representing particular members, and on their place falling vacant through any reason a fresh election will be made according to the rules in force for the time being.

Any member of a firm or its representative, being on that account a member of the Chamber, on his severing the partnership or connection with the firm, will no longer be a member of the Chamber.

This rule will not affect Rule No. 14.

This register shall contain details regarding business of all members and shall also record the classified lists of members according to different trades.

Election of Committee.

26. A list of members of the Chamber together with a list showing the attendance of members of the Commitee at their meetings during the year shall be circulated by the Secretary amongst all the members before

the 15th of January. Within a week of the receipt thereof nominations for Presidentship, Vice-Presidentship and membership of the Committee duly proposed and seconded and approved by the nominee, shall be sent to the Secretary. The Secretary shall prepare and publish a list of nominations received by him together with the names of their proposers and seconders. This list shall be called the voting paper. Voting papers shall be sent to the members of the Chamber seven clear days before the date fixed for the election. The President and the Vice-President shall be elected from among the nominations received for Presidentship and Vice-Presidentship respectively and 23 Members of the Committee shall be elected from among the nominations received for membership of the Committee. Votes recorded for a candidate for Presidentship or Vice-Presidentship will be *ipso facto* recorded for his election as a member of the Committee. President and Vice-President shall be *ex-officio* members of the Committee.

The voting shall be by means of voting papers received in the ballot box on days fixed by the Committee marked with crosses against the names of members whom they wish to propose as office bearers.

This voting by ballot will be carried on in the following manner :—Big and small printed envelopes addressed to the Secretary of the Chamber will be sent to members with voting papers. Members will enclose their voting papers in the small envelope and then enclose both this envelope and a letter duly signed stating that the voting paper is sent by them in the big envelope and send this to the Secretary who will open it placing the letter with the signature in one box and the small envelope containing the voting paper, which shall be unsigned, in the ballot box.

The retiring Committee shall appoint two scrutineers who must be members of the Chamber, who with the Secretary will

open the ballot box on the day following the ballot days and declare the result. Those who have obtained the highest number of votes shall be deemed to be duly elected. But in the event of refusal to serve on the part of any one or more of them, the member or members who has or have obtained the next highest number of votes shall be considered to be elected in his or their place. The new Committee shall take office on the first day succeeding the holding of the Ordinary Annual General Meeting and they shall so continue to act until the holding of the next Ordinary Annual General Meeting. A member or members of the Chamber representing it in the Bombay Legislative Council, the Bombay Port Trust or the like public bodies will be *ex-officio* members of the Committee if they are not already members of the same.

(a). The new Committee shall co-opt, out of the general body of members, five Association members ;

(b). The new Committee shall further co-opt three ordinary members who, in their opinion, will prove useful to them for consultation.

Such co-opted members will be elected by the Committee at its first meeting by ballot from among the members proposed at the meeting by members of the Committee.

Equality of Votes.

27. In the case of equality of votes recorded for the election of the Chairman or the Vice-Chairman or both, the Committee will invite a second ballot as to who shall be elected. In the case of equality of votes recorded for members of the Committee lots will be drawn and the election be declared in favour of the member who draws the lot.

Visitors.

28. Any person resident out of Bombay, engaged or interested in mercantile pursuits visiting Bombay may be introduced as a visitor by any member of the Chamber who has previously obtained permission of the Chair-

man or in his absence the Vice-Chairman, through the Secretary, provided that a residence beyond one month shall subject such visitors to the rules for the admission of members.

Funds of the Chamber.

29. All moneys or funds of the Chamber shall be primarily paid into the hands of the Secretary who shall pay the same into an account to be opened with any bank that may be approved by the Committee in the name of the Chamber. All cheques on that account shall be signed by the Chairman or in his absence by the Vice-Chairman for the time being, and a member of the Committee ; in the absence of both the Chairman and the Vice-Chairman cheques shall be signed by two members of the Committee. All cheques shall be countersigned by the Secretary.

Expulsion of members.

30. The Chamber reserves to itself the right of expelling any member in case he does any act or pursues any conduct that is either in contravention of the rules of the Chamber or detrimental to its credit or is in any way injurious to its welfare and interest or by any other good and sufficient reasons it is thought desirable to remove him from his membership of the Chamber. But action on that behalf shall only be taken on the resolution of a General Meeting whereat four-fifths of members present have voted in favour of the proposal.

Alteration in Rules and Regulations.

31. The foregoing rules and regulations shall be copied in a book to be kept with the records of the Chamber. Printed copies of the same shall be forwarded to all the members and no alteration or addition shall be made therein or thereto save and except by a majority of three-fourth of the members of the Chamber present at a General Meeting convened by a notice issued at least 7 clear days before the holding of such a meeting and in which all the terms of proposed alterations or additions shall have been clearly set forth.

RULES OF THE COURT OF ARBITRATION OF THE CHAMBER.

As it is desirable that there should be a tribunal for the speedy disposal of disputes and differences arising between merchants, the Indian Merchants' Chamber has adopted the following scheme :—

1. There shall be a court of Arbitration working under the supervision and guidance of the Chamber.

2. The Council of the Chamber shall prepare a list of not less than 60 persons who having consented to do so shall form the Court of Arbitration. Whenever called uppon a member or members shall solely or jointly constitute a tribunal for the disposal of a case referred to him or them.

3. There shall be a committee of five members elected by the Court from among themselves who shall regulate the appointment of arbitrators by the parties for the tribunal, preparing and revising rules of procedure and preparing tables of fees to be charged and paid.

4. This Committee shall be a permanent body but so that two members thereof shall retire every year and whose places shall be filled up by the Court. The retiring members shall be eligible for re-election.

5. In electing members of the Court the Council of the Chamber shall have regard to the recommendations of the Chambers of Commerce and Trade Associations affiliated to this Chamber.

6. The Secretary of the Chamber shall be the Registrar of the Court. It shall be his duty to act as Secretary of the Court, its Committee and its tribunal and keep records and do all the executive work of the Court.

7. The rules of the Indian Arbitration Act of 1899, and Schedule 2 of the Civil Procedure Code of 1908 (Arbitration) will apply to the arbitrations under these rules except as modified by them.

8. The disputants who wish to take advantage of this scheme shall execute a reference paper in the form prepared by the Committee of the Court and file the same with the Registrar.

9. The Registrar will place reference papers before the Committee of the Court. Parties should nominate arbitrators and in case of their failure to do so within a week from the day of filing reference the Committee of the Court shall appoint two arbitrators, and direct to procure their consent to act in the tribunal. This having been obtained and the tribunal constituted the Registrar shall fix a day for the trial and give notice thereof to the parties.

10. On the day fixed for trial and before they commence it, the Arbitrators, if they are more than one, between themselves fix upon an Umpire who should take up the arbitration in case of the difference of opinion between the arbitrators. This name shall not be disclosed but shall be written on a paper, put in an envelope and sealed. The envelope shall be handed over to the Registrar who will open it only in case of difference of opinion and thereupon immediately request the Umpire to take up the matter.

11. The arbitrators may take oral or documentary evidence, hear parties or their agents, may take expert advice and do every thing in the mattter to come to a right decision of the case.

12. Within one month from the filing of the reference, or such further time as they may extend, the arbitrators shall prepare a written award, sign the same in the presence of the Registrar and hand over the same to him.

13. The arbitrators in their decision may by writing extend the time to make their award but in no case it will be later than

three months from the date of reference. If they fail to make the award within the time prescribed, the Registrar shall forthwith request the Umpire to take up the matter.

14. The Umpire shall make his award within a fortnight from the day he takes it up provided he extends the time to do so by writing, but such shall not exceed two months from the day on which he has taken up the matter. If he fails to give his award during that time the arbitration shall lapse and the parties may put in a fresh reference.

15. The parties to an arbitration shall pay to the Registrar such fees as may from time to time be fixed by the Committee of the Court.

16, The arbitrators of a tribunal or an Umpire shall be entitled to such fee or fees for their services as may be fixed by the Committee of the Court.

RULES PREPARED BY THE COMMITTEE OF THE COURT FOR CARRYING ON THE WORK OF THE ARBITRATION COURT.

1. The provisions of Act IX of 1899 (Arbitration) will apply to all the arbitration made to this Court under its rules.

2. Under these rules the word "The Court" means the Court appointed by the Committee to the Arbitration Court.

3. The disputants shall prepare a submission paper in the form (1) of the Indian Arbitration Act, copies whereof will be supplied by the Registrar on payment of one anna.

4. The submission paper shall state :

(*a*) The names of disputants made over in several numbers and arranged as far as practicable as Plaintiffs and Defendants.

(*b*) Each party shall mention in short the facts of his case.

(*c*) Specify the name of the sole Arbitrator or two Arbitrators as the case may be to whom the submission would be made.

(*d*) Specify whether the Arbitrator or Arbitrators have consented to take up the arbitration.

(*e*) A statement showing that the party shall abide by the award made by the Arbitrator or Arbitrators or the Umpire unless it is bad in the Law.

(*f*) Specify that they have paid Rs. 20 to the Registrar at the time of the submission paper or in case of more arbitrators than one, Rs. 20 for each arbitrator named.

(*g*) The disputants who are not members of the Chamber shall pay double the fees mentioned in Schedule.

5. On receipt of the reference paper the Registrar shall fix a day for the hearing of the case and give notice to the Arbitrators and the parties. In case any of the Arbitrators refuses to act, the Committee shall be called upon to nominate an Arbitrator in his place who after signifying his consent will at once take up the matter.

6, The Registrar shall issue notices to the parties to appear before the Arbitration Court with the papers proving their case and the witnesses if any.

7. The Court before proceeding with the case and if the Arbitrators are more than one shall write down the name of the Umpire in case of their disagreement, and place the paper in an envelope, seal it and hand it over to the Registrar. The name shall not be mentioned to any person until on the opening of the envelope by the Registrar as hereinafter provided.

8. The Arbitrartors shall hear the parties and their witnesses, consider the documents produced and thereafter adjuron to consider their award.

9. Within the time fixed by the Court Rule XII and within such extended time as may be fixed by the Court but in no case more than three months from the date of the submission, the Arbitrators shall sign their award in the presence of the Registrar who will attest the same and file it.

10. The Arbitrators shall in the arbitration make provision for the costs and the proportion in which and by whom and to whom to be paid.

11. If the hearing lasts for more than one day of two hours at a time the arbitrators may fix upon the amount of the Court's costs to be paid per diem by the parties.

12. If the arbitrators do not agree as to the award the non-agreement shall be notified to the Registrar who will open the sealed envelope and will at once refer the matter of difference to the Umpire who will make his award within the time prescribed by Rule XIV of the Court Rules.

13. When the award is made by the Umpire the same shall be signed by him in the presence of the Registrar who will attest it and file it.

14. The Registrar within four days from the filing of the award give notice to the parties and when applied for give a copy of the same to him or them.

15. The fees fixed in the Schedule annexed hereto shall be charged under these rules.

Schedule.

(1) Fee to be tendered with the reference paper Rs. 20 for each Arbitrator named in the Reference paper and a fee of Rs. 30 shall be tendered for the Umpire in case the matter is referred to the Umpire provided that Rs. 5 shall be deducted from all such fees as fees due to the Chamber.

(2) The parties before they enter upon hearing shall deposit Rs. 50 for making and stamping the award which will be accounted for at the time of filing the award.

(3) The party applying for copy of the award shall pay full stamps required to be paid under the Stamp Act, and the copying charges

---

RULES FOR THE ELECTION OF PORT TRUSTEES BY THE CHAMBER.

(Adopted at the Extra-ordinary General Meeting of the Chamber held on Wednesday, the 28th February 1923).

1. The Electoral Roll of the Chamber shall be prepared by the Secretary and circulated among the members of the Chamber at least 12 clear days before the date of the election giving particulars regarding the respective trade of each member provided that the name of each member shall be entered under any one of the following trade-sections as he may select, viz, (1) Cotton (2) Piecegoods (3) Grain and Seeds (4) General. No member, after once selecting a particular section, shall be allowed to get his name transferred to another section except for special reasons, and the Committee shall decide as to the validity of such reasons. Protests, if any, against the allocation of a member to a particular trade will be examined by a Sub-Committee consisting of two members appointed by the Committee and the Secretary. (whose decision shall be final) on any such date as may be fixed by them. Changes regarding other items in the Electoral Roll shall be notified to the Secretary, within three days of the issue of such a roll which shall be amended accordingly. No vote by proxy shall be allowed.

2. Candidates for the election as Port Trustees, as well as voters, should be members of the Chamber or duly nominated representatives of the members of the Chamber, with their names registered as such in the Register of Members of the Chamber and the Electoral Roll, provided that candidates must always be Indians.

3. The Committee of the Chamber shall, as and when necessary, invite applications from members for election as Trustees of Port of Bombay and shall fix the date on which the election shall be held provided that there shall be the following allocation of seats to different trade interests :—

Trades	*Seats.*
Cotton	... 1
Piece-goods	... 1
Grain and Seeds ...	... 1
General	... 2

There may be any number of candidates from each of these sections but only the number allotted to each shall be elected.

4. Any member desirous of standing as a candidate for the election shall signify in writing such his desire to the Secretary seven clear days before the date fixed for the election, and send his nomination signed by his proposer and seconder who must be members of the Chamber stating what particular section he represents provided that he shall be allowed to stand on behalf of that particular section which has been specified against his name in the Electoral Roll under rule No. 1.

5. If the number of candidates for election for different sections shall be the same as the number of vacancies the candidates shall be deemed to be duly elected.

6. If the number of candidates for election for different sections shall exceed the number of vacancies the Secretary shall send the names of such candidates to each member of the Chamber three clear days before the date fixed for the election, giving particulars regarding the trade which each candidate represents.

7. The Committee of the Chamber shall appoint two Scrutineers for the the scrutiny of voting papers at least 7 clear days before the date of the election.

8. On the day of the election the ballot-box will remain open from 10 a. m. to 6 p. m. (S. T.) in the office of the Chamber. Voting papers will be supplied to members of the Chamber in the office of the Chamber and members will fill these up and place them in the ballot-box. The counterfoils of these voting papers shall be first signed by members which shall be retained by the Secretary. The ballot-box will be in charge of the Secretary or an officer of the Chamber appointed by him. Scrutineers will seal the ballot-box at 6 p. m. (S. T.) on the day of the election and after scrutinising the voting papers shall on the day following along with the Secretary declare the result. No duplicate voting paper will be issued unless the original is returned. Candidates and their agents shall not be allowed in the room in which the ballot-box is placed excepting for the purpose of registering their own votes.

9. The candidate or, where there is more than one Trustee to be elected for the different sections, the candidates, not exceeding the number of Trustees to be elected,

who has or have the largest number of votes shall be declared duly elected.

10. In the event of an equality of votes preventing the due election of any of the candidates the members shall vote afresh in the manner above laid down in respect of the candidates having an equal number of votes.

11. In the event of a casual vacancy or temporary absence of a Trustee the same course shall be followed in the appointment of a subtitute.

RULES FOR THE ELECTION BY THE CHAMBER OF A REPRESENTATIVE ON THE BOMBAY MUNICIPAL CORPORATION.

(Adopted at the third Quarterly General Meeting of the Chamber held on 11th November 1922).

(1) Candidates for the election as a corporator of the Bombay Municipality, as well as voter, therefor, should be members of the Chamber or represetatives deputed by member-firms or member-associations (whose names should be duly notified to the Secretary of the Chamber from time to time) provided that candidates must always be Indians.

(2) Those members who wish to become candidates in conformity with Rule I should send their names to the office of the Chamber twelve clear days before the date fixed for the election together with the names of proposers and seconders.

(3) The Committee of the Chamber shall elect two Scrutineers at least seven clear days before the date fixed for the election.

(4) The Secretary of the Chamber shall circulate the names of candidates at least seven clear days before the date fixed for election.

(5) The Committee shall fix a day (notice thereof shall be given to all the members of the Chamber) on which the ballot-box will be kept open from 10 a. m. to 6. p. m. (S. T.). Voting papers will be provided to the members in the office of the Chamber and the members will be required to place them, duly filled in, in the ballot-box. The slips containing the signature of the members voting will be placed in another box. Both these boxes will remain in charge of the Secretary or other officer of the Chamber appointed by him. At 6 p. m. (S. T.) on the date of the election the Scrutineers shall seal the ballot-box and on the next day after scrutinising the voting papers declare the result of the election. A fresh voting paper will only be issued in return of the original one. It shall not be open to the candidates or to their agents to enter the room containing the ballot-box except for the purpose of recording their votes, nor will they be permitted to arrange refreshments in connection with the election.

(6) The candidate who gets the highest number of votes shall be declared duly elected.

(7) In the event of two or more candidates getting an equal number of votes the election shall be held afresh in the manner above laid down in respect of candidates getting an equal number of votes.

(8) In the case of there being only one candidate, he shall be declared to be duly elected.

(9) In the case of a casual vacancy necessitating the election of a substitute the election shall be made in the manner above laid down.

Rules for the Election by the Chamber of A Representative on the Improvement Committee.

(Adopted at the Special General Meeting of the Chamber held on 27th March 1926.)

1. Candidates for the election as a member of the Bombay Improvement Committee, as well as voters therefor, should be members of the Chamber or representatives deputed by member-firms or member-associations (whose names should be duly notified to the Secretary of the Chamber from time to time) provided that candidates must always be Indians.

Changes, if any, in names of representatives should be reported to the Secretary at least one week before the date of the election.

2. Those members who wish to become candidates in conformity with Rule 1 above should send their names to the office of the Chamber five clear days before the date fixed for the election together with the names and proposers and seconders.

3. The Committee of the Chamber shall elect two Scrutineers at least seven clear days before the date fixed forthe election.

4. The Secretary of the Chamber shall circulate the names of candidates at least three clear days before the date fixed for the election.

5. The Committee shall fix a day (notice whereof shall be given to all the members of the Chamber) on which the Ballot-box will be kept open from 10 A. M. to 6 P. M. (S. T.). Voting papers will be provided to the members in the Office of the Chamber after getting their signatures on the counterfoil. These voting papers will be duly filled in by the members in the ballot box room and placed in the ballot-box. The ballot-box

will remain in charge of the Secretary or other officers of the Chamber appointed by him. At 6 P. M. (S. T.) on the date of the election the Scrutineers shall seal the ballot-box and on the next day after scrutinising the voting papers declare the result of that election. A fresh voting paper will only be issued in return of the original one. It shall not be open to the candidates or to their agents to enter the room containing the ballot-box except for the purpose of recording their votes, nor will be they be permitted to arrange refreshments in connection with the election.

6. The candidate who gets the highest number of votes shall be declared duly elected.

7. In case any two or more candidates shall obtain an equal number of votes, the Chairman or, in his absence, the Vice-Chairman shall have a casting vote.

8. In the case of there being only one candidate he shall be declared to be duly elected.

9. In the case of a casual vacancy necessitating the election of a substitute the election for such period of vacancy shall be made by the Committee by ballot.

CHAIRMEN OF THE INDIAN MERCHANTS' CHAMBER.

1907 to 1913 Hon. Sir Manmohandas Ramji.

1913—14 Sir Purshotamdas Thakurdas, C. I. E. M. B. E. M. L. A.

1914—15 Sir Fazulbhoy Currimbhoy, C. B. E.

1915—16 Hon. Sir Dinshaw Edulji Wacha.

1916—17 Sir Lallubhai Samaldas, C. I. E.

1917—18 Late Sir Vithaldas D. Thakersey.

1918—19 Hon. Sir Chunilal V. Mehta.

1919—20 Mr. Jehangir Bomanji Petit.

1920—21 Mr. Lalji Naranji, M. L. C.

1922 Sir Purshotamdas Thakurdas, C. I. E., M. B. E. M. L. A.

1923 Sir Fazulbhoy Currimbhoy, C. B. E., (From 24-2-23 to 3-9-23.)

Mr. Devidas Madhowji Thakersey (From 4-9-23 to 25-1-24.)

1924 Hon. Sir Manmohandas Ramji.

1925 The Hon'ble Sir Phiroze C. Sethna O. B. E.

1926 Mr. Lalji Naranji M. L. C.

Secretary :—Mr. J. K. Mehta, M. A.

Assistant Secretary :—A. H. Maru.

Representative of the Chamber on the Indian Legislative Assembly—

Sir Purshotamdas Thakurdas, C. I. E, M. B. E., M. L. A.

Representative on the Bombay Legislative Council :—

Mr. Lalji Naranji, M. L. C.

Chamber's representatives on the Board of Trustees of the Bombay Port Trust.

1. Sir Purshotamdas Thakurdas, C. I. E., M. B. E., M. L. A., (Cotton)
2. Hon. Sir Manmohandas Ramji (Piece-goods.)
3. Mr. Mathuradas Kanji Matani (Grain and Seeds.)
4. Mr. Lalji Naranji, M. L. C., (General.)
5. Mr. Laxmidas Rowji Tairsee, (General.)

Chamber's representative on the Bombay Municipal Corporation :—

Mr. Kisandas Manmohandas Ramji.

Chamber's representative on the Improvement Committee.

Mr. S. B. Billimoria.

Representative on the advisory Committee of the Bombay Development Department :—

Mr. Manu Subedar.

Representative on the Indian Central Cotton Committee :—

Sir Purshottamdas Thakurdas Kt. M. L. A.

Representative on the Advisory Committee of the Royal Institute of Science in Bombay.

Mr. Kapilram H. Vakil.

Representatives on the Local advisory Committees of Railways.

G. I. P. Railway :—

The Hon. Sir Pairoze, C. Sethna O. B. E.

B. B. & C. I. Railway :—

Sir Purshotamdas Thakurdas Kt M. L. A.

Chamber's representative on the Executive Committee of Sir Leslie Wilson Hospital Fund.

The Hon. Sir Phiroze C. Sethna, O. B. E.

Chamber's representative on the Committee appointed to consider the future development of Industries Department of the Bombay Government :—

The Hon'ble Sir Manmohandas Ramji.

Chamber's representatives on the Panel of the Railway Rates Advisory Committee : —

1. Sir Purshottamdas Thakurdas C. I. E. M. B. E. M. L. A.
2. The Hon'ble Sir Manmohandas Ramji.
3. The Hon'ble Sir Phiroze C. Sethna, O. B. E.
4. Mr. Manu Subedar.
5. Mr. K. H. Vakil.

THE INDIAN MERCHANTS' CHAMBER.

Managing Committee of the Chamber for the year 1927.

1. Walchand Hirachand, Esq. (President).
2. S. B. Billimoria, Esq. (Vice-President).
3. Sir Purshotamdas Thakurdas, Kt., C. I. E., M. B. E., M. L. A.
4. Lalji Naranji, Esq., M. L. C.
5. Laxmidas Rowjee Tairsee, Esq.
6. Honourable Sir Phiroze C. Sethna, Kt., O. B. E.
7. Vithaldas Damodar Govindji, Esq.
8. B. F. Madon, Esq.
9. Jehangir Bomanji Petit, Esq.

10. Devidas Madhowji Thakersey, Esq.
11. Fazal Ibrahim Rahimtulla, Esq, M. L. A
12. Ishwardas Lukhmidas, Esq.
13. Husseinbhoy Abdullabhoy Lalji, Esq, M. L. C.
14. Sir Currimbhoy Ebrahim, Bart.
15. Manharlal Vrajdas Merchant, Esq.
16. Morarji Mulraj Khatau, Esq.
17. Honourable Mr. Ratansi Dharamsi Morarji.
18. Sir Ibrahim Rahimtoola Kt.
19. Kapilram H. Vakil, Esq.
20 H. P. Mody, Esq.
21. Mavji Govindji Sheth, Esq.
22 Girjashanker B. Trivedi, Esq
23. Abdulla Fazulbhoy, Esq.
24. N. M. Muzumdar, Esq.
25. Vithaldas Kanji, Esq.

Co-opted Members:

26. The Honourable Sir Manmohandas Ramji.
27. Kaikobad Cowasji Dinshaw, Esq.
28. Manu Subedar, Esq.
29. The Bombay Shroff Association (Mr. H. D. Jasani).
30. The Hindustani Native Merchants' Assoon. (Mr. Harikishandas Mehra).
31. The Bombay Bullion Exchange (Mr. S. D. Parikh).
32. The Bombay Grain Merchants' Association (Mr. Ghelabhai Hansraj),
33. The Bombay Diamond Merchants' Association (Mr. Dahyalal Makanji).

Ex-Officio Members.

34. Kisandas Manmohandas Ramji, Esq.
35. Mathuradas Canji Mattani, Esq.

THE INDIAN MERCHANTS' CHAMBER.

List of Magazines, Journals and periodicals received in the Library of the Chamber.

Quarterly.

1. Empire Cotton Growing Review.
2. British Export Register.
*3. Hibberts Journal.
*4. Vishva Bharati.
5. Swedish Economic Review.
6. Journal of the Bengal National Chamber of Commerce.
7. Journal of the Aberdeen Chamber of Commerce.

Monthly.

*1. Nation's Business (U.S.A.)
*2. International Labour Review.
*3. Monthly Record of Migration.
*4. International Review of Agricultural Economics.
*5. International Review of Science and Practice of Agriculture.
6. Labour Gazette.
7. Monthly Summary of the Proceedings of the League of Nations.
8. International Conciliation.
9. Bombay Cooperative News.
*10. Modern Review.
*11. Harper's Magazine.
*12. National Geographical Magazine.
13. Commercial India.
14. Merchantile Guardian.

15. Engineering Progress.

16. Volunteer.

17. Ubersee Post.

18. Telegraph Review.

19. American Exporter.

20. German Dxporter.

21. British Industries.

22. Sea-Borne Trade Returns of British India.

23. Monthly Cotton Spinning & Weaving Returns for Indian Mills.

24. Monthly Summary of Foreign Commerce of United States of America.

25. East and West Trade Developer.

26. Monthly Journal of the Manchester Chamber of Commerce.

27. Ditto. Liverpool Chamber of Commerce.

28. Ditto. Bradford Chamber of Commerce.

26. Ditto. Nottingham Chamber of Commerce.

30. Northamptonshire Journal of Commerce.

Weekly.

*1. Economist.

*2. Statist.

*3. 'Times' Trade and Engineering Supplement.

*4. Manchester Guardian Commercial.

5. Board of Trade Journal.

6. Indian Trade Journal.

7. Commerce Report (U. S.A.)

*8. Capital

*9. Industrial and Labour Information.

*10. Bombay Market Report.

11. Bombay Government Gazette. (Parts I to V).

12. Gazette of India (Pts. I to V).
13. London Chamber of Commerce Journal.
*14. Nation (U. S. A.)
x15 Spectator.
*16. Young India.

Occassionally.

1. Legislative Assembly Debates.
2. Council of State Debates.
3. Bombay Legislative Council Debates.
4. Bengal Legislative Council Debates.
5. Burma Legislative Council Debates.
6. Punjab Legislative Council Debates.
7. Central Provinces Legislative Council Debates

Gujarati Periodicals.

Monthly.

1. Sahitya.
2. Gujarat.
3. Navchetan.
4. Buddhi Prakash.
5. Dnan Prakasha.
6. Khetiwadi Vignan.
7. Vaidya Kalpataru.
8. Bhagyodaya.
9. Gnan Vardhak & Masik Mitra.
10. Digamber Jain.

Weekly.

*1. Navjeevan.
*2. Saurashtra.
*3. Gujerati.
4. Pragati.
5. Gujerati Punch.

---

* *Periodicals marked with an asteric subscribed for by the Chamber.*

THE INDIAN MERCHANTS' CHAMBER.

Annual Ordinary General Meeting.

Nineteenth Annual General Meeting of the Chamber was held at the office of the Chamber on Wednesday 2nd February 1927 at 3 p. m. (S. T.) to transact the following business :

(1) To receive the Report of the retiring Committee and the audited statement of accounts for 1926.

(2) To record the declaration of the result of the election of the Committee for 1927.

(3) To appoint an auditor for the ensuing year.

Mr. Lalji Naranji the retiring President of the Chamber, was in the chair. The following members were present :—

Sir Currimbhoy Ebrahim Bart., Sir Lallubhai Samaldas Kt., Messrs Walchand Hirachand; S. B. Billimaria; Vithaldas Kanji, J. P. Katgara, Sarabhai Prataprai, D. C. Modi, Surajmal Lallubhai Motichand G. Shah, J. K. Parulkar, Jamnadas Harakhji, Madhavlal Makanji, Abdulla Fazulbhoy, Somnath Rupadas, K. V. Merchant, Meyer Nissim, J. A. Gandhi, B. F. Madon, Gopalji Ratansi, Iswardas Lakmidas, P. N. Vevaina, C. B. Nanavati, J. C. Setalvad, Ghelabhai Hansraj, R. M. Gandhi, Sankalchand G. Shah, S. M. Dutt, Jethabhai Kalyanji, Kisandas Manmohandas Ramji, Mathuradas Haribhai, Ramdas Raghavji, Mavji Govindji H. M, Desai, K. C. Desai, H. T. Munim, H. A. Laljee, Jamnadas Dwarkadas, Morarji Mulraj Khatau, Jivandas Pitamber, B. J. Mody, Morarjee Hemraj, C. J. Banatwalla, Devidas M. Thackersy, B. N. Karanjya, M. V. Merchant, S. J. Pandya, Vallabhdas Chatrabhuj Shivji, Vithaldas D. Govindji, Gordhandas Gokuldas Morarjee, Harilal D. Jasani, and N. S. Gazdar.

SPEECH OF MR. LALJI NARANJI.

In proposing the adoption of the Report Mr. Lalji Naranji made the following speech:—

Gentlemen,

You will be able to find in the annual report of our Chamber which has been placed in your hands the record of the work done by the Committee and the office-bearers during the past year. I will not waste your time by recounting all the items of the work done because all the details are supplied to you in the Report. I will therefore content myself by commenting briefly on some of the most important questions which are vitally connected with the economic condition of our people.

We are all aware that His Excellency the Governor of Bombay usually graces the annual meeting of the Bombay Chamber of Commerce which is in reality a guild of European merchants. The reason for this I suppose is not far to seek, because that Chamber supplies the connecting link between the Civil and the Military Departments which carry on the administration of Government.

The aims and purposes of that Chamber therefore are naturally quite different from ours on all the important commercial questions of the country, viz. (1) Currency and Exchange, (2) Transport, (3) defence of the country and the preservation of peace, (4) appointments to all high Civil posts, (5) the self-sufficiency of the country for all purposes of Commerce and Industry, (6) preparing the country for manufacturing and exporting finished goods out of our raw materials instead of exporting the raw materials themselves and (7) the determination of the tariff policy of the country.

So long as we do not wield sufficient power to solve all these questions in the interests of our own people, it is a delusion to believe that we have anything that we enjoy any benefit of Swaraj. How can we be said to have advanced even by an inch towards the goal of Swaraj till sovereign powers in all these matters are vested in the hands of Indians under the Government of India Act. Looking at the post-war condition of all the countries the one common point that

directs the attention is the great efforts that are being made for the economic rehabilitation of all their people. Even a great country like America which is enjoying an exceptional level of prosperity is engaged in finding suitable markets for investing her surplus capital and for selling her manufactured goods. While other nations which have been seriously injured by the war are engaged in the life and death struggle of enhancing their prosperity by encouraging their commerce and industry, we are sorry to see that our rulers are merely engrossed in dumping their goods in our land. They are not only giving exceptional facilities for importing their goods but they also use the great powers vested in their hands for the same ends, and indeed have become so powerful that they verily stifle the growth of the country which is in a comparatively backward condition.

Under these circumstances it is necessary to place a report of an institution like ours which has taken upon itself the great cause of safeguarding our commercial and industrial interests, so that we might be again reminded of our rights and difficulties in the matter.

In other countries it would be possible to survey the great strides taken, the new industries started, the growth and fluctuation of capital and such other things. Here we are unfortunately in a position where we have to recount how and how far we have been thrown backwards on account of our subjection, the difficulties we have to encounter and the efforts made to tackle them and the measure of success with which our efforts were crowned. It is a pity indeed that such a state should continue. And I will tell you how and why we ourselves are responsible for the continuation of this state of affairs.

Since our Chamber was started some years ago, the Indian National Congress, which is the premier political body of our country consulted this Chamber only once and that was recently on question of currency and exchange, and your Committee supplied them with the neccessary papers.

This is indeed not the place to enlarge on political questions, but I think it my duty to say a few words on some items of Congress policy which are intimately connected with the economic life of our people.

So far as I am aware, three constructive remedies have been laid down by the Congress for breaking the fetters of subjection, (1) the production and use of khaddar, (2) Hindu-Muslim unity, and (3) removal of untouchability. I need hardly say that I will touch these problems only so far as they bear on the economic condition of the country.

THE USE OF KHADDAR.

The use of khaddar is not indeed a novel thing. Khaddar has always been produced and used in the rural areas, but it is only recently that the khaddar propaganda has been carried to the towns. It is indeed very desirable that men and women living in villages should use their spare time in spinning and weaving and thus turn their leisure hours for their own economic well-being. These industries have been prevalent in India for centuries past, but in these days when science has advanced so far and when motor-cars and aeroplanes, wireless apparatus and telephones are the order of the day and when new scientific and industrial inventions are being made in such quick succession, I think it would be far more beneficial to the country to use even a small part of the capital which is being used for a new propaganda for the purpose of starting new industries along modern lines, than to ask everybody indiscriminately to busy himself with spinning and weaving. So long as new machinery is not harnessed for producing larger quantities of goods, in less time, the mere plying of the old-world spinning wheels and weaving looms will never succeed in ameliorating the poverty of our people nor is it possible to persuade people of this age to restrict themselves to the use of khaddar. People always like variety in texture and design and so long as these tastes are not satisfied by suitable home-made goods, the import of such foreign stuffs is bound to continue. To-day our mills do not produce enough for the needs of our people and goods worth Rs. 60 to 70 crores are being imported for fulfilling the people's demands. On the other hand Japan took to textile industry many years after the first mill was started in India and yet not only is she able to produce enough for her own requirements but she is also able to compete very seriously with our own mills in our country and she is capturing large markets such as Africa, Mesopotamia and

Egypt. She has indeed made such remarkable progress in this matter that as you must have all read only a few days ago that she has displaced Lancashire from its sovereign place in the Egyptian market. All this has indeed not been achieved by merely waving the magic wand. Japan indeed has achieved her present position by reducing her cost of production, by building her own ships to carry her goods at less cost, and by starting her own banks and insurance companies with a view to reduce the overhead charges. Japan's achievements in this respect are indeed worthy of our imitation, and in my opinion there will be really no industrial Swaraj for us till we also develop our mercantile marine and wield an effective control over our banks, insure all our goods with our own insurance companies and progressively reduce our overhead charges and progressively appoint more and more Indians to the highest posts in all these institutions. The prosperity of the country will never be increased by merely relying on spinning and weaving which can only give two annas, a day to a labourer, but only by rapidly developing our textile industry either with the aid of machinery produced in our land or even with the aid of foreign machinery as Japan is doing at the present day. My one request therefore to our countrymen is to rapidly develop our industries even with the aid of foreign machinery and of foreign technical experts and produce the maximum amount of goods at the minimum cost. You will all, I hope, agree with me when I say that sound economics cannot be based on mere sentimentality, and that emotional arguments are never to be introduced in a discussion of economic subjects. In economics two and two will always make four, and it does not matter if the two on the other side is either Indian or foreign. If, therefore, the Congress had taken the opinion of commercial bodies on this question, as it has consulted them in the matters of currency and exchange, I am sure we could have easily assisted it by showing the best method of producing all the goods necessary for our requirements from our raw products through mills and machinery at less cost.

CO-OPERATION—A NECESSITY.

Of course capital will be required for starting factories but if capitalists appear to take undue advantage of their position it

would be possible to reduce their profits by bringing the pressure of public opinion on them and for this purpose in this connection I would take your permission to quote a paragraph from a pamphlet called "Economic Conditions—Government Finance in United States Securities" issued by the National State Bank of New York in December 1926;

"Two things chiefly have contributed to the expansion of industry over the past few years,—the making up of the normal peace time growth that was retarded by the war, and a great increase in industrial efficiency, which has produced a wider distribution of wealth here than anywhere else and given to the mass of the people a buying power greater than that of any other country. While the impetus derived from the first may be losing its force, that derived from the second is inexhaustible so long as all parties who have contributed to the efficiency continue to do so and to co-operate reasonably well to that end. The wants of the American people are no nearer to being satisfied now than they were a year ago, or five years ago nor is there the slightest prospect that they will be satisfied in the near future. The buying power of the American people exists in the work they do for each other from day to-day, and is as limitless as their wants. The pace at which they make headway in satisfying their own and each other's wants depend upon their ability to work together harmoniously, understanding all the time the co-operative character of their relations, the secret of continued prosperity is in a fair and even distribution of it. Whenever a group attempts to get more than its share the entire flow is imperilled."

And I particularly invite your attention to the following words appearing in the paragraph quoted above:

"Upon their ability to work together harmoniously, understanding all the time the co-operative character of their relations."

HINDU-MUSLIM UNITY.

Gentlemen, you will perhaps be wondering how a discussion of this communal problem could have any bearing on the economic condition of our people. But you will all realise that this problem is

perhaps the most difficult that our country has got to suffer at the present moment. Hindus and Mussulmans are indeed blaming each other for the present impasse that has been created. Some people believe Suddhi and Sangathan to be the cause of the whole evil, while others believe the whole trouble is due to the Muslim propaganda of Tabliq and Tanzin. But you will all agree that the Hindus who are converted to Islam or who are re-converted to Hinduism are not very important people. They really change and rechange their religion merely under the pressure of economic conditions. I am sure this question would never have arisen in our land if the people were in a prosperous condition. The Hindus as well as the Mussulmans are now reduced to a thoroughly helpless condition and now run hither and thither in the hope of bettering their condition. But indeed both the communities will see better days, one day, when they cease quarrelling on political issues and concentrate their attention on the economic betterment of the country. But people have lost all sense of economics these days. There is no royal road for money-making. This can only be achieved by industry and perseverance and by increasing their hours of work. The example of Germany in this connection is indeed well-known. We all know what bitter feelings have been created between England and Germany on account of the last war. Huns and other phrases of the kind have not yet been erased from our memory. And yet when the same Germans diligently started manufacturing more goods the same Englishmen now treat them with greater respect and are fraternising with them in a wholehearted manner. The reason is not far to seek. Both saw that their common interests were centred in co-operating with each other in commerce and industry. Unfortunately in our country the position is quite the reverse. All the communal quarrels and the political rivalries have so obsessed the minds of some of our most intelligent leaders that our economic progress is held up and our internecine quarrels have been of such inestimable advantage to our foreign government that they do not allow us to have our own mercantile marine and to have a gold standard and a gold currency, and they are also ready to fix a ratio of exchange which would hurt our agriculturists and put a premium on imports. All this is indeed in great contrast with the war time

conditions when a great wave of prosperity, false or real, swept over the land, when there was no unemployment, and when such remarkable unity was apparent on all sides. Of course it will be alleged in some quarters that all this was due to the Khilafat agitation. But it is not so. Have the Hindus or Mussalmans secured a Raj for themselves, that they should fight each other to the great advantage of the foreigner? I have discussed this subject at this great length just to emphasize what I have already said in connection with the khaddar propaganda that if Hindus and Mussalmans unite with each other in building their ships and instituting their banks and insurance companies and start factories to produce finished goods, it would stop the flow of our money into other lands, and all this communal quarrels will soon disappear. It is only necessary that both the communities, should cease to depend upon outsiders and should follow the example of Germany and Japan and increase their hours of work so that they might prosper and live in this country with greater harmony. It is therefore to be hoped that more sustained efforts will be made for improving the economic condition of India and all communal quarrels will disappear with the increase of prosperity in the land.

REMOVAL OF UNTOUCHABILITY.

The question of untouchability indeed appears to me to be fraught with great difficulties for I have led my life up till now on strictly orthodox lines. I am afraid I shall not be able to make any radical change in it, but I believe that there is a certain amount of misunderstanding prevalent on this question. Untouchability should not be taken to involve the degradation of any particular community at all, for it has to be observed even between father and son, and between husband and wife on some special occasions. The custom of untouchability has developed on account of certain special occupations which have been followed by some communities for ages past. There is therefore no question of a distinction between high and low, and a condemnation of any particular caste. As I have said before, what we want to-day is a large number of trained workers, for only those who have been trained in special professions can do their work most efficaciously. New industries can be deve-

loped with the aid of good artisans and you will all agree with me when I say that untouchability has almost entirely disappeared from mills and factories which are meant for the economic development of the country. I do believe, therefore, that we should get rid of the custom of untouchability with a view to remove all misunderstandings that are gathered on the question and thus hasten the economic emancipation of our country.

CURRENCY AND EXCHANGE.

You are all aware of the views expressed by this Chamber on this vexed question, and much has already been said about it. The Chamber has declared its emphatic opinion that an effective gold standard with a gold currency should be initiated in this country as soon as possible, and the exchange rate should be fixed at 1s. 4d. Gold standard and a gold currency should be adopted immediately if all conditions are ready and a Bill should be introduced to that effect in the Assembly and unanimously passed. There are some who believe that the ratio of exchange is not a very important question even though it ought to be fixed at 16d. for a rupee. But I will ask these people, if it is not urgently necessary to settle this question in the interests of the country and if the country is not vitally interested in knowing if the rupee means 1-13th or 1-15th part of the pound sterling as most of its transactions are carried on in rupees? So in my opinon there should be no delay in settling the ratio at 1s. 4d. even though we may have to wait some time before getting a gold standard and a gold currency.

You are all aware that Sir Victor Sassoon and the Indian Currency League, which he has done so much to promote, are making splendid efforts and putting up a strong fight to safeguard the interests of the farmers and the industrial classes, and I therefore take this occasion to congratulate them most heartily. I hope that merchants and businessmen all over the land will give them their valuable assistance in carrying on their admirable work and in propagating correct views about the effects of Government policy on the economic condition of the people.

LABOUR AND CAPITAL.

We are unfortunately rather slow in profitting by the good qualities of others, but ready to imitiate their weak points. But it

should be always noted that even a good quality takes on a bad odour when it is allowed to transcend certain well defined limits. Action and re-action are also a law of nature, and so the countries of the West after rapidly accumulating wealth by exploiting the countries of the East have been suffering from the evils of a bad distribution of wealth between the different classes and it will be strange if it were not true that even though we have as yet just made a beginning in industrial development. We have already in our midst some of those movements which have quite naturally developed in more capitalist countries. But we should first take rapid strides in industrial development and the accumulation of capital. I am sure that if reasonable demands are made of the industrialists after a suitable stage has been reached, they are softhearted as to easily yield to them. If only our labourers will help to produce more goods as their fellow-labourers in the West, I can assure them that they will be even better off than they. Unfortunately our factory workers who have already begun to earn a little more money than before are already infected by the vices of drink and seeing cinema pictures. These labourers are ready to imitate the vices of the West but they are unfortunately very backward in picking up the efficiency of the Western workers. May I then hope that our labourers might simultaneously increase their capacities for production with the increase in the rates of wages, and they might spend their surplus money in such a manner as to promote the arts and industries of our country. I would also appeal to all not to introduce these western quarrels between capital and labour in our country till our industries reach a high pitch of efficiency and can hold their own against the competition of the world. We should on the other hand rather believe in the unity of interests between capitalists and labourers and to endeavour to promote the common interests of both.

No words of mine are adequate to express my thanks to our Vice-President Mr. B. F. Madon, who has unostentatiously and unhesitatingly assisted me throughout the year and who has been serving the cause of the Chamber at the sacrifice of much of his own work and of his valuable time. He has indeed studied very carefully

all the questions such as Currency and Exchange, Stores Purchases, assessment of telephone rates, and Tariff Board enquiries on which the Chamber has been ceaselessly engaged throughout the past year. I am sure you will also join me in showing a keen appreciation of the services of our Secretary, Mr. Mehta who continues to work for our Chamber at great sacrifice, without any increase in the terms fixed five years back in view of the financial position of our Chamber. I am also glad to note the excellent work done by the Assistant Secretary Mr. Maru and other members of the staff who have all done their work with industry and perseverance.

I am also gratified to note that the strength of our membership has been maintained inspite of the bad conditions prevalent during the last year.

I am sorry to note that last year has not witnessed any progress in the matter of the Indian Mercantile Marine Committee's Report. Government have indeed made a belated announcement regarding a training ship to be instituted near Karachi. But they appear to have maintained studided silence regarding other recommendations of this Committee. Banking and insurance are also two other channels of promoting the interests of the people, and I have no hesitation in stating that the people would not control their own mercantile marine without banks and insurance companies of their own. All these people are found very seriously to hamper in their advance to political freedom. The history of our own country offers a ready illustration of this principle. We have no shipping companies of our own, and our banks and insurance companies can stand no comparison with those of the foreigners. Government and their allies are in the habit of dissenting all public criticism which exposes their relentless policy of exploitation. Anyone is driven to this conclusion by the way in which Government pursue their policy regarding shipping, insurance and banking which are, all the three of them now being carried on really in the interests of the foreigners. I have therefore, no hesitation in supporting my friend Sir Dinshaw Petit who in the course of his Presidential address at the Commercial Congress recently held at Calcutta urged Government to reserve the coastal trade for Indian shipping.

It is also to be regretted that Government dropped the Bill regarding insurance companies and have not proceeded further in the matter. If Government had not dropped the Bill, the Select Committee and the Assembly would have amended and adopted it so as to suit the legitimate demands of the Indian people. I will give you only one example of the way in which the business of insurance is being conducted at present. We do not get at present even the simplest details and figures that we ask for regarding the working of Indian insurance companies and we are sought to be evaded on the plea that the law in the matter is going to come into operation at an early date. It is therefore surprising that this insurance bill is being kept pending for the last six years and we are not yet in a position of knowing how far it will satisfy the Indian demands. I may also state that the Bill tabled by Government during the last session of the Assembly fell far short of the Indian demand and it did not in any way satisfy the Indian public. But it can now be amended in view of the representations that have been received from several quarters and in my opinion it should be introduced and discussed in the Assembly in the ensuing session as quickly as possible. It is indeed high time that stringent restrictions should be imposed on the working of foreign insurance companies which are robbing us of crores of rupees every year and that sufficient encouragement should be given to Indian companies so as to ensure their rapid development. In other countries such restrictions are being always imposed on the working of foreign insurance companies and I do not see why foreigners should have a free hand in our country and that their activities in this matter should go absolutely unchecked.

You will all be glad to know that the efforts that are being made since 1915 to inaugurate a Federation of Indian Chambers of Commerce throughout the land have ultimately proved successful. The Federation is now an established fact and Sir Dinshaw M. Petit and Sir Purshotamdas Thakurdas have been respectively appointed President and Vice-President for the first year. It is to be hoped that this Federation will serve to unite and co-ordinate the activities of all the Chambers working in different parts of India and that it might, by dint of its persistent efforts succeed in inducing the Govern-

ment to adopt an economic policy which might be in accord with the commercial opinion of the country and which might help in advancing our industrial and commercial progress.

With these words, I have to congratulate you most heartily for electing Mr. Walchand Hirachand and Mr. S. B. Billimoria as your President and Vice-President respectively for the coming year. Both these gentlemen have rendered signal service to our country and I hope that they will have a useful record of work behind them when they leave their office at the end of this year.

Gentlemen, I have done. I have to thank you and the Committee for consistently and heartily co-operating throughout the year, for I need hardly say that I could never have achieved anything without their invaluable co-operation.

With these words I have now great pleasure in proposing the adoption of the annual report that has been placed before you.

Mr. Walchand Hirachand, the newly elected President seconding the adoption of the Report made the following speech :—

Mr. President and Gentlemen,

I am deeply obliged to you all for electing me to the Presidential Chair of this Chamber for the current official year.

I realise the heavy task that lies ahead of me as an occupant of this Chair, specially when my immediate predecessors have been such stalwarts in the world of trade and industry and in public life as Sir Purshotamdas Thakurdas, the Honourable Mr. Manmohandas Ramji and Mr. Lalji Naranji. I hope, however, to discharge my responsibility to your satisfaction during the course of this year with your co-operation which, so far as I have been able to see, has not been denied to any President of the Chamber.

The President in his able speech has dealt with all the principal topics so exhaustively that very little remains to be said by me in seconding the adoption of the report. As you have, however, given the direction of the affairs of the Chamber for the next year in my hands, it will be quite appropriate if I refer to a few subjects which would claim the attention of the new Committee during the period;

The principal subject for the present will, of course, be Currency and Exchange, which this Chamber has peculiarly made its own and with regard to which it has been receiving consistent co-operation and adequate response from all the sister institutions, notwithstanding the cry of the Finance Member and a section of the Anglo-Indian Press that it is only the vested interests of Bombay which are keeping up the agitation. Though the issue is so grave and fraught with so many possibilities of evil, it has at least led to one good result, in my opinion, which is that our countrymen have been quickened into a realisation of all the dangers that are involved in the economic and financial policy pursued by the Government. It had come to be believed somehow or other that agitation was merely the concern of some political agitators and that businessmen and agriculturists should, preferably, be out of it. Both these classes have now perceived that the Ostrich-like policy of shutting their eyes to the vital problems of the country can no longer be pursued and so they have taken a very important part in the strenuous agitation all over the country against the financial policy of the Government as typified by the Currency Bill now before the Indian Legislature. It must not be supposed that all this agitation will die out with either the passing or the rejection of the Currency Bill by the Legislature. I am sure the Assembly will be able to secure the 16 d. ratio but we shall have even then to fight our case regarding the all important questions of gold standard and gold currency. The Bills with regard to the Reserve Bank and the Imperial Bank are being circulated for opinion and your Committee will have to devote their best and considered attention to the questions involved in these two Bills. Your Committee have always emphasised in the past that nothing less than a full-fledged Gold Standard with a Gold Currency will satisfy the country and even if the Legislature gives its sanction, which I doubt very much, to the hybrid standard called the gold bullion standard recommended by the Hilton-Young Commission and adopted by the Government, we shall not leave off the fight, for we are convinced that till the country is securely placed on a Gold Standard basis with a Gold Currency there will always be loopholes left for manipulation of its currency and exchange either by the Government or by a Bank—which after all will come to the same thing from the point of view of

the interests of the country. In the meanwhile, we are awaiting with anxious expectancy the result of the discussion on the Currency Bill in the Legislature which will come on sometime in March. We have heard so many times from this as well as other platforms as also read in the Press about the *pros and cons* with regard to the Currency question that I do not wish to take up at this stage more of your time by dilating at length on it. I must, however, state that the country looks to the different parties in the Assembly to stand by its interests and to see that the 16d. ratio is acknowledged as against the 18d. in the interests of trade and industries and agriculture. We also expect that the gold bullion standard will be disowned and a *real Gold Standard with a Gold Currency* substituted in its place.

His Excellency the Viceroy in his inaugural speech recently referred to the preliminary steps which were being taken or are proposed to be taken with regard to the formation of the Royal Indian Navy. The ideal is a good one, but till we know the details and the methods of working out this ideal in practice, we shall not be able to judge as to how the scheme will be really operating, whether in fact it will be a genuine and bona-fide step forward in the evolution of this country or whether it will be a mere whitewash.

I rejoice to note that there has been an insistent and an unequivocal demand throughout the country for the creation and development of an Indian Mercantile Marine. The Governmet of India, have, however, made it perfectly clear that they are not prepared to do anything to meet this national demand for the development of this greatest key industry of a country. Every maritime country in the world possessing a national Government has helped in a variety of ways the creation and growth of its own national mercantile marine. Free Turkey is the latest addition to this list. India, however, is an unfortunate exception to this universal rule. The Government of India has failed to realise its responsibilities towards this country, as it has to protect vested interests elsewhere.

Our immediate demand in this country is the Reservation of the Coasting Trade of India to Indian Shipping. The Indian Mercantile Marine, however, will not be worth its name unless it has secured its

legitimate share and proper position in the Overseas trade of the country also. India has often been told that she should not worry herself for the growth of her own shipping, as British shipping has served her so well in the past and is prepared to serve her even in the future. What a self-sacrificing spirit on the part of British shipping carrying the proverbial whiteman's burden ! Imperialists like Lord Inchcape have been tendering now and again such advice to the Dominions of Australia and Canada. They have been told that their shipping policy has been a failure and has merely added to the burden of taxes on their people. Australia and Canada, however are bent upon developing their own national merchant marine. They therefore know how to value such an advice, because their Government consists of statesmen whose interests are identical with the interests of the people of the land they govern. The position, unfortunately, of India is quite different. This is the reason why after nearly two centuries of British rule in this country India has absolutely no position in the Overseas or the International trade of this country. This aspect of the question, to my mind, requires greater emphasis than what it has received up to now.

India's economic salvation depends upon its own national shipping, its own national banking and its own national insurance. So far as shipping is concerned, I do not think its Government will help us in any way. Self-help and self reliance is the only other course that is open to us. I know what a colossal sacrifice it means, as I have got bitter experience of the stupendous difficulties which Indian Shipping Companies have to surmount for their very existence in face of the unjust, unequal and unholy fight which the British Shipping Companies in alliance with the Government of the land carry on against them. The Company with which I am associated had to lose nearly half a crores of rupees in freight war alone carried on by the vested interests before it was able to ply its steamers in its own home.

You must have seen that your Committee have not been satisfied with the report of the Tariff Board with regard to the Iron and Steel Industry. What I am afraid of is that the recommendations of the Board and the Bill will have the effect of official recognition of the

principle of Imperial preference to which not only your Committee but practically the whole of the Indian commercial community have always been opposed and to which even the Government of India themselves once were opposed as was shown by the strong Minute written by no less a person than Lord Curzon in reply to a request by the Imperial Government for the views of the Government of India. In a well-reasoned and thoughtful letter written by one of our colleagues, Mr. G. B. Trivedi, to the Press recently it is shown very well how the duty on British steel has been reduced for several articles though the Iron and Steel Company find it difficult to sell their British standard rails and structural materials to the Railway companies who under one pretext or another send their orders to England. It is several times argued by the Government when they want to oppose any measure of substantial protection for indigenous industries that it would make life more costly for the consumers. You must have seen that the Government have set themselves up as *the protectors* of this very class of consumers even with regard to the ratio agitation as one of their pleas is that the 18 d. ratio will be beneficial from the point of view of this class. They have suddenly turned round, however, with regard to the question of Iron and Steel Industry and left these very consumers in the cold by increasing the duties on Continental steel. I do not argue against protective duties, which I consider essential in the present stage of our industries. What I protest against is a deliberate preference shown to British iron and steel as against the Continental steel and then too without benefiting the Iron and Steel Industry of India for which principally the Tariff Board was asked to make its report. I hope that the Legislature will not allow such a wrong and misguided policy and will see that justice is done to the Iron and Steel Industry without any acceptance of the principle of Imperial preferenc. It is apprehended that similar distinctions with regard to Imperial preference may be made by the Cotton Textile Board and it will rest with your Committee to make out as strong a case against it as possible if this principle is attempted to be established even by that other Board.

Your Committee are considering the findings of the Mears Committee's Report with regard to the Back Bay Reclamation,

Personally, I consider that report as very disappointing not only from the point of view of its recommendations with regard to the future but also from the point of view of its criticism of the past. The position is, however, very unfortunate. The report does not involve any legislative provisions and so may not come before the Legislative Council at all unless members bring that in while criticising the Budget estimates with regard to the Development Department, and oppose further expenditure proposed to be undertaken for Blocks Nos. 2 and 7. Work has commenced already on these blocks and the Government will come to the Council for recognising what is a *settled fact.* It would have been something even if the Mears Committee, though it had recommended Block No. 2, to be filled up and left Block No. 7, to be filled up according to the wishes of the Local Government had stated emphatically that with the completion of these 4 Blocks viz. 1, 2, 7 and 8, the whole of the scheme must be stopped altogether. Instead of that they have recommended 300 feet from the foreshore to be reclaimed in all other blocks also, which means in plain language that the *Damocle's Sword* is kept hanging on the Presidency, as some future George Lloyd will again have the reclamation scheme carried out to its fullest. It is significant of the attitude of a certain class of critics that though great errors have been found out with regard to the working and administration of the Development Department they still aver that the scheme was undertaken in the best and most bona fide manner and the Presidency will still have cause to bless the people who initiated it.

You must have seen the representation addressed by your Committee to the Government of Bombay with regard to Kathiawar Ports. It has long been felt that the trade of Bombay is being diverted from the Bombay Port to other competing ports. In so far as this diversion is due to the costliness of the Bombay Port with regard to its Port Trust charges or the local taxation, such a diversion may be deemed to be justified and the remedy would seem to lie not in any protest but in a careful looking after our own house and putting it in order. This can be done by a rigid and strict economy in the administration of the Bombay Port Trust as also of the Bombay Municipal Corporation, both of which bodies have something to do with

making the Bombay Port so very costly. None of us can be opposed to the development of minor ports of the country and it need not be supposed that your Committee are opposed to any such development when they press the necessity for the appointment of a Committee of enquiry by the Government to sift the issues and to suggest what reasonable means are feasible "for preventing any dangers of deflection of trade from the existing channels in a manner which would not be advantageous to the whole commercial community." As I pointed out just now any diversion of trade on the score of Bombay being a costly port would be justified at least from the point of view of the merchants and the competing cheaper ports. If, however, there are other causes and reasons which have diverted trade from Bombay to other new ports and if, as is suggested, there is any element of unfairness in the methods adopted by their respective authorities to make those ports popular, surely there is an urgent need for a Committee of Enquiry. The Bombay commercial community has got so much of efficiency and organisation that, I am sure, it will, be able to stand on its own against any amount of competition provided it is fair, but we cannot expect even a developed Port like Bombay to pass safely through a competition if it is propped up by means which are neither fair nor above-board. Anyhow the different rumours and counter-rumours have created not an altogether healthy atmosphere and it would be the best thing if the Government were to accept the suggestion of your Committee and to appoint a Committee of Enquiry which will set at rest all the different theories and doubt by a full and searching investigation.

You all know, gentlemen, that the constitution of the Bombay Port Trust was revised in 1923 providing for five members being elected by this Chamber. With all this amendment, however, the Indian Trustees are still in minority. The contention of this Chamber has always been for having an Indian majority, with an Indian businessman as Chairman in the Port Trust. The time has now arrived when it is necessary that the Government should undertake fresh amending legislation on this question and provide for some more seats for representatives of this Chamber so as to secure an Indian majority on the Board of the Port Trustees. You all know that

we have scrupulously fulfilled the intentions not only of the Bill but even, I venture to say, of the commercial community by having three seats reserved for different commercial interests and two seats for general commercial interests. These two seats may not be considered sufficient to cover the very wide and different interets represented on this Chamber like Sugar, Shipping, Iron and Steel, etc. I hope that the new Committee will take up this question at an early moment.

Gentlemen, I have done. Before I do so, however. I should like to refer to the financial condition of the Chamber which cannot be said to be a particularly bright and happy one. The Honourable Sir Phiroze C. Sethna touched upon this theme in his Presidential speech last year and emphasised that in order that the activities of such an institution like the Chamber might be still further increased, the numerical strength should be increased as much as possible. There is a great necessity also for housing the Chamber in its own building. Several junior institutions have been able to do so and there is no reason why this premier Indian Chamber of Commerce in the country should be without a House of its own. I hope, gentlemen, that you will agree with me in wishing that before the close of this official year this Chamber will have a decent building of its own, for its ever increasing activities.

With these words, Gentlemen, I second the proposal for the adoption of the Report before you.

SPEECH OF MR. B. F. MADON, THE RETIRING VICE-PRESIDENT OF THE INDIAN MERCHANTS' CHAMBER.

Gentlemen,

Mr. Lalji has already touched upon many of the important activities of this Chamber during the past year, so I do not wish to say anything more on the same subject, but will draw attention to the two or three most important issues that are now before the country.

viz., the question of the establishment of a real Gold Standard, the question of the right ratio of the rupee and the question of the Reserve Bank. As you know we have been fighting in this Chamber for the past 7 or 8 years for the restoration of the pre-war ratio, because otherwise all contracts are vitiated, and those who have to make payments suffer great injustice. As, in the last year or two, the Bombay Millowners have found out that the ratio affects them also, and have been asking for a reversion to 1s, 4d., the advocates of 1s. 6d. have adroitly turned the issue into one of a fight by capitalist in order to fill their own pockets. It is, therefore, necessary to point out that this Chamber's agitation for a reversion to 1s. 4d. began several years earlier, and to also point out that what we have been saying to-day is the verdict, not of a few interested capitalists, but of the Lords of the Treasury in England 50 years ago. I have quoted them on other occasions, but it may be as well to quote them here once more, because it will show you most effectively what we are fighting for and why. It was then the first attempt of the Government of India to artificially raise the value of the Rupee, and the Lords of the Treasury condemned these proposals in most unequivocal terms, and said,

> "It appears to my Lords that the Government of India in making the present proposals lay themselves open to the same criticisms as are made upon Governments which have depreciated their currencies. In general, the object of such Governments is to diminish the amount they have to pay to their creditors. In the present case, the object of the Indian Government appears to be to increase the amount they have to receive from their taxpayers. My Lords fail to see any real difference in the character of the two transactions. The plan is open to the objection that it alters every contract and every fixed payment in India. It may relieve the Indian Government, (also relieve) Civil Servants and the Englishmen who are serving or working in India and who desire to remit money to England, and Englishmen who have money placed or invested in India which they wish to remit to England.

> But this relief will be at the expense of the Indian taxpayer, and with the effect of increasing every debt or fixed payment in India including debts due by ryots to moneylenders; while its effect will be materially qualified, so far as the Government are concerned, by the enhancement of the public obligations in India which have been contracted on a silver basis."

You will see that the Lords of the Treasury consider an appreciation of currency as of the same character as a depreciation of the Currency, and point out that the object of one is to pay less to their creditors, and the object of the other is to receive more from the taxpayer than would otherwise be due. In plain English it means that both are frauds. I know that this term has been very strongly resented in certain quarters as hurling disreputable language at honourable men but it is necessary at this juncture to speak out and to point out to all whom it may concern what the true nature of the present Currency manipulation is. You will have noticed that the Lords of the Treasury also point out that this manipulation is objectionable, because it alters every contract and every fixed payment in India. This means that every mortgage and every other kind of debt is altered by this manipulation without the knowledge or consent of the contracting parties, and the Lords of the Treasury make their meaning clearer by pointing out that the effect will be to increase every debt and every fixed payment in India, including the debts due by ryots to moneylenders. When we say that the Currency manipulation adversely affects the agricultural population the Government deny it. We may well ask them what they have to say to this verdict of the Lords of the Treasury, and what right have they to increase the burdens of our agricultural population, which is already heavily submerged in debt. The Lords of the Treasury, as you will have noticed, also point out that it alters every fixed payment in India. One of these is the land revenue, the cesses, and the rents paid by the cultivator, which are, therefore, all increased by the present manipulation without the knowledge or consent either of the agricultural population or of their representatives in the Legisla

tures. The advocates of 1s. 6d. sometimes deny that any such extra money is taken from the cultivator. Sometimes they argue that the cultivator, owing to higher prices of commodities, is so much better off to-day than in pre-war days that he can afford to pay out a little more in the shape of commodities. To those who say that the cultivator is not paying more, I would ask where does the four or five crores of so-called profits in the Budget come from. To those who argue that the cultivator could afford to pay more, because he gets better prices for the produce of his labours, I would ask whether they would similarly agree to change the debt of a man incurred when he was earning 100 rupees, if it is still unpaid and he is drawing 200 rupees to-day. If he had passed a Promissory Note of 1,000 rupees formerly, would we be justified in changing it into 2,000 rupees to-day, because it would bear the same proportion to his present income, and he could afford to bear the larger burden. Put this way you will at once see the absurdity of this argument, which has been so repeatedly put forward by the advocates of 1s. 6d. both official and non-official. These gentlemen also talk of relief to the taxpayer if 18d. is established and of the need of further taxation if we go back to 16d. This argument has appealed to many a layman who does not see that he is already paying a much higher taxation without knowing it, because although he is nominally paying the same number of rupees he is really paying 2d. more in every rupee. I would like to draw the attention of the members of the Legislature to this, and to point out that while they think they have got the executive to reduce its demands by a few lacs there, the real burden on the taxpayer has increased by some £11 million say 16 crores of rupees without their knowledge or consent.

I do not wish to make any further remarks on this subject, because it would detain you unduly long, and will content myself with the hope that the Assembly will see through the game of the executive, and refuse its sanction to the 18d ratio, which will, as pointed out by the Lords of the Treasury, increase the burdens of the taxpayer and of the ryot.

This brings me to the question of a real Gold Standard with a Gold Currency. The Royal Commission has recommended a gold

Bullion Standard, and have tried to pass it off on us as a real Gold Standard, but we must decline to be satisfied with this camouflage, because it is just the absence of a real Gold Standard with Gold Currency in circulation that has enabled the executive to carry through the various manipulations of our Currency without the layman perceiving what was being done to it. Under the pre-war system we had no gold coin of our own, and the rupee masqueraded as a representative gold coin with its definition laid down only in the statutes. The man-in-the-street has, therefore, been unable to connect the silver rupee with the gold which it represented, and this has facilitated manipulation, because it called for merely a change in the statutory definition without the man-in-the-street seeing that there had been any change. Under the Gold Bullion Standard this facility for the abuse of their powers, this facility for tampering with our Currency, will continue in the hands of the executive, and a decade or two hence we may have to fight the same fight over again against the executive of the day, if it wanted to once again change the definition of the rupee to suit its own budgetory or other convenience. It is, therefore, absolutely necessary that our agitation for the reform of our Currency system should continue until we get a Gold Standard with a Gold Currency so that further tampering with our Currency in the future may become most difficult, if not impossible.

The next point that I would like to draw your attention to is the question of the Reserve Bank. As you know, the Currency Commission has proposed the formation of a new Reserve Bank and the conversion of the Imperial Bank into an ordinary Commercial Bank. As you are aware, Bills to give effect to these two things have been introduced in the Assembly and will be circulated for public opinion. I would ask all businessmen and all interested in the development of Banking in this country to very closely scrutinise the provisions of these two Bills, because they are likely to vitally affect the economical development of the country hereafter. If I may venture to put forward one or two considerations before you, I will in the first place point out that in my opinion the letting loose of a huge banking trust like the Imperial Bank of India with its 11 crores of capital and 5 crores

of reserve, and perhaps 8 to 10 crores of interest-free Government deposits, and perhaps also some subsidies to cover the loss it may make on branches that do not pay their way, will create such an overwhelmingly powerful competitor in the field of Commercial Banking that, to my mind, it will not develop indigenous bank but stifle such as may now be there because no indigenous bank with its comparatively petty resources can stand against the competition of this huge Government patronised concern. It is for you to consider whether such a development is desirable. If modern banking facilities are to be carried to every nook and corner of India it can only be done by banks run by Indians, who can most closely understand the needs and requirements of our huge population, and I am very much afraid the rise and growth of such banks will be stifled by the Imperial Bank turned adrift as a Commercial Bank. It was on Government initiative that the three Presidency Banks amalgamated in 1920 into the one big Imperial Bank of to-day, and, to my mind, the only sound and logical next step is to make this bank the Reserve Bank, and put on it such restrictions as may be called for in its new roll as a Reserve Bank, and leave ordinary Commercial Banks to develop freely in the country with the help of the Imperial Bank so made a Reserve Bank. If I am not mistaken, this was the considered opinion of the Government of India before this Currency Commission came forward with its proposals for a separate Reserve Bank, and after the most thoughtful consideration that I could give to the subject, I am absolutely unable to see any advantage in not making the Imperial Bank the Reserve Bank. There is vague talk of this Bank opening a great many more branches and carrying banking into areas which are not served at present by banks on modern lines, but I do not see why this could not be done if encouragement is given to other indigenous banks by means of Government deposits or Government work where it may be done under suitable safeguards, with the Imperial Bank acting as the Central Reserve Bank and providing the necessary rediscounting facilities. Unfortunately this issue has been once more confused for the lay public by talk that it was only interested shareholders that were opposing the formation of the Imperial Bank new Reserve Bank, because it prevents an impartial study of the question, but I would ask you to put aside any question,

of the interest of shareholders, and confine yourself only to a consideration of whether the larger interests of the country in the matter of the development of indigenous banking are likely to be served by the launching out of the Imperial Bank with its huge resources and Govt. prestige and Govt. subsidy as a Commercial Bank.

I will now say a few words about the proposed new Reserve Bank, and will in the first place point out that while we are told from the house tops that the currency system of India is going to be freed from the control of the Secretary of State 5,000 miles away, the authority that is going to replace him is likely to perpetuate even worse abuses of the currency system than we have had to experience in the past. There are many undesirable features in the constitution of the new Bank, which you will have to most carefully study in the coming year, but I do not wish to take up your time with them to-day I will only point out one feature, which, to my mind, is the most undesirable. As you are aware, in the past it has been the grievance of all Indian publicists that the Secretary of State had been diverting India's gold to London by offering Council Bills at unduly low rates, and investing the proceeds in England, and thus making our gold available for the support of the financial structure not of India but of the London money market. It may surprise you to learn that this new Reserve Bank is to be allowed to do even worse. It is to be allowed to hold its reserves in the securities of not only England as the Secretary of State used to do, but in the securities of other so called Gold Standard countries. In short our gold is to be diverted in future not only to England but to many other countries, and it is proposed to authorise the new bank by law to do it. The Bank of England, so far as I know, is not allowed to hold the securities of any other country in its Currency reserve, and I do not understand why the Royal Commission considered what was bad for England as good for India. There is only one conclusion to be drawn from it, viz., that the Royal Commission wanted to divert every ounce of gold that it could from coming to India, so that such gold may help to bolster up the financial systems of European countries, and the Reserve Bank is their device for achieving this end, and whatever the ultimate central banking

authority that may be created in this country, I would ask you all to see that it is not endowed by law with this most undesirable powers to divert India's gold to other shores because in the event of another cataclysm like the last war, we would have occasion to most bitterly regret it.

Among the various other questions of great moment that will come before your Committee in the coming year, there is one to which I should like to make a passing reference viz. the inquiry now being carried on by the Royal Commission on Agriculture. The incoming Committee will no doubt deal with the questionnaire issued by this Commission, but I would like to emphasise two outstanding facts, viz, 1 the practical illiteracy of our huge agricultural population and 2, its extremely low income and relatively huge indebtedness. It is all very well to draw up beautiful schemes of improvements in Agriculture. They may impress the world at large as to what Government was doing in India for its agricultural population, but these things will fail to reach the intelligence of the agricultural population until the average man can at least read and write his own vernacular. Therefore, to my mind, the first need of our agricultural population is compulsory primary education, as without it all propaganda on improved methods etc, is bound to be more or less wasted. Once your propaganda has succeeded in reaching the cultivator his next need is to have the means to carry out the improvements that your propaganda may have suggested. This means that methods must be devised to enable him to get a larger nett income from his present cultivation, so that he may have both the cash and the credit necessary to carry out the improvements. From this point of view the present inquiry seems to me to be almost a cruel mockery, because it comes at the very time when Government by fixing the Rupee at 18d, is occupied in cutting down the nett income of the cultivator by anywhere from 30 to 50 per cent if not more, and thus destroying the very basis of the credit that he could otherwise command.

As I have already taken up a good deal of your valuable time, I do not wish to detain you any longer, and will, therefore, conclude with my hearty congratulations to Messrs. Walchand and

Billimoria for having been elected Chairman and Vice Chairman for the coming year, and have no doubt that under their guidance the position and prestige of your Chamber will be fully maintained and 12 months hence they will be able to place before you a record of further valuable work done by this Chamber in the interests of the Commercial community as well as the country at large.

Mr. S. B. Billimoria, the newly elected Vice-President further supporting the proposal said :—

Mr. President & Gentlemen,

I am grateful to you all for electing me as Vice-President of this Chamber for the next year. You must have read or heard of the fable of the stag which, looking at itself as mirrored in the lake from which it was drinking, looked with contempt upon its lean and lanky legs adoring its beautiful antlers which made it almost a king of the forest. Just afterwards it heard of the music of the hounds and had to run quickly for its life ; but while so running its antlers were intricated in a mass of foliage and creepers and was instantly killed by the hounds who caught it up. While dying it is said to have repented for its folly in adoring its antlers and deprecating its legs. I would similarly say though I would not carry the analogy very strictly, that our commercial community is so much taken up at present with the big questions in the form of Currency & Exchange, Mercantile Marine, etc., that if it does not actually deprecate seemingly minor questions like Insurance, Income Tax, Amendment of the Joint Stock Companies' Act, Banking Facilties etc., it at least considers them as of minor significance. From the broad national point of view, however, they are as important as other questions, for insurance is always known as one of the pillars of national growth and development side by side with Banking & Shipping. It is to be regretted that though nearly six years have elapsed since the Government themselves recognised the demand for insurance legislation of an upto date character no noticeable progress has so far been achieved. It is surely a queer anomaly that there is no comprehensive insurance legislation in this country with the result that we cannot even know the exact statistics with regard to the business done, for instance, by foreign insurance companies here. The Government

introduced an Insurance Bill at the Simla Session of the Assembly in 1925, but the Bill has lapsed owing to Government's not having pushed it through the last Assembly. Your Committee did not approve of the above Bill but if it had been proceeded with there would have been amendments and changes made in it in its passage through the Legislature which might have made it satisfactory to Indian opinion. What is now wanted is to have an Insurance Bill as soon as possible including in its provisions all the different varieties of insurance. I am surprised that fear is entertained in some quarters that such an Insurance Legislation might impede the growth of our own indigenous concerns. Such a fear is, to my mind, groundless, Canada, which can legitimately boast of an upto-date, legislation with regard to Insurance, is yet the country which has got perhaps the biggest progress in insurance. It should not be presumed that any legislation will come in the way of the natural growth of our insurance business. Legislation should rather, if it is properly drafted, safeguard its interests and assure its progress as against the competition of foreign insurance companies which is untrammelled and unrestrained at present. We are talking about the exploitation of the economic resources of India through several channels, but it is not generally known that large sums of money are taken away by Foreign Insurance Companies being started and worked on proper lines and our people patronising them. Just consider what addition to industries there can be in this country and what addition to amenities of life, provided, crores these are to be retained and utilised in the country itself. Just as the extent of national prosperity or otherwise is sometimes guaged from the extent to which that particular country uses iron and steel, the exact amount of insurance business done in a country is also a test of the prosperity or poverty of a nation. India has still got an insignificant amount of insurance business looking to its vast population and huge size. Vast tracts of land and perhaps vaster batches of humanity still remain to be tapped by Insurance people and I would like the proposed legislation to facilitate such an All-India-Wide Organisation of Insurance business rather than curtail its growth by

unnecessary and useless interferences and meddling.

Time has now come when the Government must do away with what is known as the Company Super-Tax. The depression through which trade and industries have been passing for the last 4 or 5 years have been almost unprecedented, both as regards its extent and its depth and the abolition of the Company Super Tax is but the least that the Government can do to give relief to trade and industries in these critical times. This tax is imposed upon any additional amount over and above Rs. 50,000 which is considered as the free margin. It means, therefore, that all the companies which are small or big are encompassed by this tax which is an impost over and above the ordinary income tax. Both the Associated Chambers of Commerce and the Indian Industrial and Commercial Congress have been emphatic in their demand for the abolition of this tax. It should not be presumed that this relief will be only for the big capitalists as it will be a relief to all the shareholders of the different Joint Stock Companies. The reason why Government do not withdraw this tax is a possible fear on their part that such an abolition might mean increased taxation in some other direction.

Among the other numerous questions which will have to be dealt with by your new Committee, I would also suggest consideration of the Indian Companies Act with a view to suggest modifications and amendments to the Government. The year in which the Act was amended last was 1913 when it was practically remodelled on the British Companies Act. During these 13 years, however, many changes have taken place in the world of trade and industries and in our economic theories too. We have passed through at least two periods of boom and depression and many of us have perhaps learnt to our cost how defects in the Companies Act can be taken advantage of in boom times by unscrupulous people to the detriment of the investing public. There are several directions in which the Companies Act can be modified. The necessity for such a revision has been felt even in England where the Board of Trade appointed a Committee to go through the whole of the Consolidated Companies Act 1908 and to make their recommendations. All the principal

Chambers of Commerce of Great Britain also appointed their Sub-Committees to go through the Companies Act so that they would be in a position to make formally definite recommendations and suggestions for the use of the Board of Trade Committee. The Board of Trade Committee's Report has now been out since sometime past and it remains to be seen how this report affects the Companies Act there. In the meanwhile it would not be a moment too early if we also make a beginning and appoint a sub-committee to go through the whole Act as expeditiously as possible.

I should like to draw your attention to the following paragraph in the report of the External Capital Committee :—

> "16. This is a very cursory survey of the suggestions we have received in reply to our question regarding the development of banking organisation and credit facilities in India. We are not in a position to examine the suggestions in detail or to offer an opinion on them, but we consider that they should be examined as early as practicable. The method of examination we would leave to Government, the points at issue being too numerous and too technical for us to make any more definite recommendations. We are of opinion, however, that the first step required is the collection of accurate and upto-date information of the progress so far made and a comprehensive survey of the whole field, which we suggest should be undertaken by Government without delay. Such a general survey would at any rate serve to focus public attention on these most important subjects, and would enable to determine the questions, a detailed examination of which by experts would be most likely to lead to fruitful results. We are satisfied that the preliminary survey must be followed up by a detailed enquiry, but the field is so large that we leave it open whether this detailed enquiry should be entrusted to one or more Committees".

Following upon this paragraph there was a resolution adopted by the Council of State that

"The Governor-General in-Council may be pleased to order an enquiry into the question of the desirability of legislating with a view to place Indian Banking on a sound footing."

The Government of India, it seems, are now contemplating taking up this recomendation seriously and considering the appointment of a Committee to enquire into the conditions of Banking in India. One of the members of this Chamber, who is a Member of the Assembly, has also given notice of motion to have a Committee appointed for this very purpose. Such a Committee is very necessary from the point of view of indigenous banking. It need not be supposed, as has been done in some quarters, that this Committee will concern itself only with the defects of indigenous banking and may even propose steps for retarding its growth and development. If a proper Committee is appointed, it will, on the contrary, suggest ways and means whereby progress in Banking can be achieved and the great lack of a real, genuine and widespread banking which is felt at present in this country may be removed. As I have remarked previously, Banking is, with Insurance and Shipping, one of the pillars of modern business and so long as India has not got such a banking, she will lag behind in the race of international trade and her industries and commerce will suffer from stunted growth. We recognise that the Imperial Bank has, in recent times, helped trade and industries to a large extent and has now more than 175 branches throughout the country. In order, however, that the help from such an institution may be given in such a manner as to assure progress of trade and industries, it will be necessary to have many changes in the constitution of the Imperial Bank and it may also be for consideration if the proposed Reserve Bank, will not also be a necessary factor. However, these particular questions viz., the establishment of a Reserve Bank and increase in the powers of the Imperial Bank are for the moment sort of sub-judice questions so far as our Committee are concerned as they have not yet arrived at any difinite conclusions with regard to them. I would not like, therefore, to anticipate their decisions and would rest content with saying that the importance of these questions demands that fullest consideration should be given to them and that too

from the point of view of the general interests of the country.

With these words, I support the resolution for the adoption of the report.

After some members had spoken, the report was unanimously adopted. The Secretary then announced the result of the ballot for the Chairman, Vice-Chairman and the members of the Committee for 1927.

After appointing Messrs Devidas Vithaldas and Co. as the auditors for the year, and after a vote of thanks to the retiring Committee and the chair, the meeting terminated.

REPORT OF THE COMMITTEE

OF THE

INDIAN MERCHANTS' CHAMBER

for the year 1926 presented to the Annual General Meeting of the Chamber held on 2nd February 1927.

Your Committee have pleasure in presenting the Nineteenth Annual Report of your Chamber. During the course of the year 46 meetings were held, the work done being of a varied and important nature.

The principal subjects dealt with by your Committee related to the following main heads :—

(*a*) Railways and Shipping ; (*b*) Currency, Exchange and Finance ; (*c*) Government Stores Purchase Policy ; (*d*) Tariffs and Taxation ; (*e*) Public Enquiry Committees and Commissions ; (*f*) Trade and Industrial Legislation ; (*g*) General Trade and Industry : (*h*) Interviews with Government Officials (*i*) General.

(A) RAILWAYS & SHIPPING.

(a) Railways :—

1. Freight on Bengal Light Matches on the M. & S. M. Railway.(Vide item No. 5 of the Chamber's Report for last year).

A further letter was received from the Gujerat Islam Match Mfg. Co., drawing the attention of the Committee to the various difficulties they would experience in complying with the proposal of the M. & S. M. Railway regarding the guarantee of sufficient quantity of traffic in Bengal Light Matches on lines other than the Madras *via.* Dadar and Raichur and requesting the Com-

133684

mittee to do the needful in the matter. The Committee thereupon again addressed the Railway stating that they regretted to note that the Railway was not prepared to afford the same facilities for the carriage of Bengal Light matches on their line in the direction of Hubli and other places as they had done in the direction of Madras *via* Dadar and Raichur. One of the Indian match manufacturing concerns, the Committee added, with its factory at Ahmedabad informed them that it manufactured approximately 3 to 4 thousand cases of Bengal Light matches every year most of which found their way to different places in India. It was not possible, however, to say on which foreign railway *i. e.*, railways other than the B. B. & C. I. Railway, the traffic would be most as it entirely depended on the extent of foreign competition that they had to face. Therefore, it would not be possible for the manufacturing concern to guarantee any traffic in these matches. The Committee were informed that no such conditions had ever been imposed by any railway all these years. The match industry in India was growing in volume day by day and it was due to it that it should be encouraged to face the foreign competition from the ports by the removal of obstacles of the nature pointed out above. They therefore requested the Railway to be good enough to extend the same concessions on all sections of their railway to the match industry as were given by them already on one particular section and which were also given by Railways like the B. B. & C. I., G. I. P., and N. W. Railways.

The Committee were informed by the Railway that they had nothing to add to their previous letter on the subject. The Committee thereupon addressed the Railway Board pointing out the difficulties of the match manufacturers and requested them to ask the Railway Company to make the same arrangements for carriage of Bengal Light Matches on their lines in the direction of Hubli and other places as they had already done in the direction of Madras *via* Dadar and Raichur. The Committee were informed by Railway Board that they could not see their way to address the the Railway in the manner suggested.

2. Difficulties in booking of imitation lametta on the G. I. P. Ry:—

The attention of the Committee was drawn by the Mysore Chamber of Commerce regarding the above and they were requested to do the needful in the matter. The Committee thereupon drew the attention of the Railway that the consignment of imitation lametta was not allowed to be booked on the Railway at owner's risk and that such booking was insisted on at railway risk only. They added that profits in that line were necessarily limited and merchants were therefore naturally averse to booking the goods at railway risk. The cost of imitation lametta per corge of 20 reels was about Rs. 6 whereas the real lametta cost Rs. 85 for the same quantity. They suggested that in view of the fact that imitation lametta was after all a cheap and artificial article the Railway should not insist on being the same booked at railway risk.

The question was discussed at one of the meetings of the G. I. P. Railway Local Advisory Committee, who generally agreed that the article was reasonably charged and that no change in the classification was necessary.

3. Railway freight on logs used in match making:—

The attention of the Committee was drawn by a member to the disparity between the B. B. & C. I. and G. I. P. Railway freights on the above logs. The G. I. P. Railway charged freight on these logs at timber rates while the B. B. & C. I. Railway charged the same at Fuel rates which meant a great handicap to the match factories located on the G. I. P. line. The B. B. & C. I. Railway in order to encourage location of match factories had also given special freight rates to the match manufacturers for carriage of their goods on their line. They were accepting consignments of matches from the stations where the factories were situated at 4th and 5th class rates whereas the G. I. P. Railway charged the same at 8th class rates. The Committee were therefore requested to address the G. I. P. Railway on the subject. The Committee thereupon drew the attention of the G. I. P. Railway to the above disparity in railway freights and stated that the lowering of the freight rates for the carriage of those

logs on their line would develop traffic in articles required for that industry and would ultimately benefit the line. They therefore requested the Railway to look into the matter and revise the freight rates for carriage of both the raw materials as well as of the finished products and bring them into conformity with those in force in the B. B. & C. I. Railway. In reply to the Committee's letter the G. I. P. Railway informed them that the railway were now quoting station to station rate for timber consigned to the match factories for match making in local booking equal to the rate applicable over that railway for fire-wood. As regards the carriage of safety matches the railway informed the Committee that they ordinarily charged 8th class O. R. and 9th class R. R. They had, however, quoted 7th class for that traffic from Bombay Dadar, via Dadar, to Sion, Kurla, Ghatkopar and Ambarnath at Owner's Risk on a minimum weight of 200 Mds. for a 4 wheeled wagon used. At present there was no evidence that their higher classification placed factories situated on the B. B. & C. I. Railway in an unduly advantageous position and in the circumstances it was not considered necessary to further reduce the rate they charged.

4. Issue of Rail-cum-Tram Tickets on the B. B. & C. I. Railway :—

At the request of a member, the Committee requested their representative on the Local Advisory Committee of the B. B. & C. I. Railway to move the authorities to arrange for introducing Rail-cum Tram Ticket system on that Railway similar to that prevailing on the G. I. P. Railway. The question was subsequently taken in the Advisory Committee of the B. B. & C. I. Railway when the Agent consented to address the Bombay Tramway Company in the matter. In the last meeting of the Advisory Committee, the Chairman informed the Committee that their proposal had been negatived and that the Tramway Company had since withdrawn the arrangements made with the G. I. P. Rly.

5. Representation of the Passengers & Traffic Relief Association on the Advisory Committees of the G. I. P. and the B. B. & C. I. Railways :—

The Committee at the instance of a member, asked their representatives on the Advisory Committees of the above Railways to support the demand of the above Association for representation on the same.

6. Chamber's representative on the Local Advisory Committee of the B. B. & C. I. Railway.

Mr. B. F. Madon having resigned from the above Committee, the Committee nominated Sir Purshotamdas Thakurdas, Kt., C. I. E., M. B. E. M. L. A., as the Chamber's representative on the same.

7. Chamber's representative on the new G. I. P. Ry., Local Advisory Committee:-

The Committee were invited to appoint a representative on the new G. I. P. Ry. Local Advisory Committee and they renominated the Hon. Sir Phiroze C. Sethna as their representative on the same. During Sir Phiroze C. Sethna's absence due to his appointment on the South African Delegation the Committee nominated Mr. Manu Subedar on the same.

8. Railway Rates Tribunal :--

The Committee addressed the Government of India drawing their attention to the statement made by H. E. the Viceroy in his inaugural speech at the opening of the current session of the Indian Legislative Assembly regarding the establishment of a Rates Advisory Committee. That statement was followed by the reply of the Honourable Sir Charles Innes to one of the interpellations in the Assembly. The Committee had read both these statements with feelings of considerable regret as the Railway Rates Tribunal which they had long been expecting and for the appointment of which they had been pressing time after time was not meant to be merely an advisory body. Paras 156 to 161 of the Acworth Committee's Report devoted to the question of the establishment of a Rates Tribunal made it abundantly clear that the Tribunal was never intended to be an advisory body. That Committee had also indicated the powers to be wielded by the Tribunal and the jurisdiction to be

exercised by it and that it was never meant by that Committee to be merely advisory as was clear from para 161 of their report where they recommended the provision in the Act creating such a Tribunal of the possibility of an appeal to the Governor General in Council against the decisions of such a Tribunal. The Committee were therefore at a loss to understand why the Government of India had set aside that clear recommendation of the Acworth Committee for a Tribunal on the same lines and with similar powers as in England and they were afraid that Government were moved to the course of action by pressure from the vested interests represented by Company-managed railways through an unreasonable nervousness on their part regarding the effect of so-called political considerations on rates. The Committee urged that no such considerations should make the Government to take a narrow view of the functions of the proposed tribunal and that it should be constituted with full powers to regulate and modify rates in a way that was equitable to all interests concerned and would at the same time conduce to the greatest economic development of the country.

In reply to this letter the Railway Board informed them that with the concurrence of the Central Advisory Committee the Government of India had decided to constitute a Rates Advisory Committee in the first instance as it was considered that until experience had been gained it was the right method of proceeding. As regards the rate for long distance coal the Committee were informed that the matter had careful attention of the Government and it had been decided that on distances exceeding 400 miles the rate of frieght for public coal should be reduced to the rate in force of locomotive coal which meant a reduction on an average of 10 per cent. As regards rates on goods booked from Sholapur, they were informed that special enquiries showed that special rates in force had in every instance been necessitated by adjustment with rival competitive routes which factor did not operate on the rate in the case of Sholapur. The Committee in reply stated that the constitution of the Rates Advisory Committee was very defective in that there were only 2 permanent members one of whom would represent the railway interests. They were of opinion that there should be also at least one permanent member thoroughly

conversant with the railway questions as they affected trade and industries if their grievances were to have adequate consideration. They accordingly suggested that it should be composed of 3 persons of whom one should be an Indian businessman who must be a permanent member and not chosen from the panel for each separate occasion. The Committee of 3 permanent members might be assisted, if necessary, by one or two members chosen from the panels elected or nominated by the principal commercial bodies for particular questions and who might sit for the occasion something like Assessors. The Railway Board replied that it was proposed to select the commercial member for individual investigation from panels elected or nominated by the principal commercial bodies. The representative elected or nominated should be conversant with commercial pratice. It was explained that the procedure adopted was the most suitable for ensuring adequate representation of commercial interests on the Advisory Committee.

In this connection the Committee were invited by the Government of India to nominate five members of the Chamber on the panel of the Rates Advisory Committee. They accordingly nominated Sir Purshotamdas Thakurdas, Kt., C. I. E., M. B. E., M L. A., the Ho'ble Sir Phiroze C. Sethna, the Honourable Mr. Manmohandas Ramji and Messrs Manu Subedar and Kapilram H. Vakil.

9. Stoppage of Madras and Bombay Mails at Narayanpet Station, Nizam's Dominions :—

The yarn merchants of the Narayanpet Town solicited the assistance of the Committee with regard to their appeal to the G. I. P. Railway re: the stoppage of Madras and Bombay Mails at the Narayanpet station. The Committee thereupon requested their representative on the Local Advisory Committee of the G. I. P. Railway to do the needful in the matter. Their representative was informed by the Chairman of the Local Advisory Committee that the railway authorities had decided to stop certain trains at that station. The yarn merchants of Narayanpet being informed of that assurance requested the Committee to press the railway to stop the Madras Mails there. The matter is still under correspondence.

10. Short delivery of consignments:—

The Ahmedabad Millowners' Association forwarded to the Committee a copy of the letter received by them from one Ahmedabad Mill re short delivery of the consignment of cotton piecegoods at Calcutta by the E. I. Railway. The Ahmedabad Mill had sent a consignment of 15 bales of cotton piecegoods to Calcutta out of which one was delivered short to their agent at Calcutta and the Railway Company had granted to their agents at Calcutta a certificate that one bale was delivered short at destination. On the strength of that certificate the Mill preferred their claim to the Traffic Manager, E. I. Ry., who in reply informed them that as much care of the goods as was possible was taken and as the loss was not due to any negligence on the part of the Railway, he was sorry that under the terms of Risk Note held, he was unable to entertain their claim. The Committee were requested to do the needful in the matter. The matter is still under consideration.

11. Discrepancy in B. B. & C. I. Railway charges between ports and inland stations and between different inland stations:—

A prominent Millowner of Ahmedabad brought to the notice of the Committee inconsistency in freight charges between port Okha and Ahmedbad on the one hand and Bombay and Ahmedabad on the other. He stated that the freight for sugar between Bombay and Ahmedabad was fixed with due regard to the existing competition with Navanagar and Bhavanagar Ports, while the freight charges for sizing materials and mill stores which were not still imported through Kathiawar Ports remained excessive. He enquired of the Committee as to the proper line of action to be taken to remove the above-mentioned discrepancy. The Committee in reply informed him that in view of the declared attitude of the Chamber *viz.* that it was wrong to cut down railway rates, if such a reduction was meant or calculated to prevent development of new Ports, they could not support him in the matter.

12. Appeal of the Alembic Chemical Works Co., Ltd., Baroda, to the Railway Rates Advisory Committee re : railway freights :—

The Alembic Chemical Works Co., of Baroda forwarded to the Committee a copy of their letter addressed by them to the Agent, B. B. & C. I. Railway, for submitting the same to the Rates Advisory Committee in connection with the heavy railway freights charged on their manufactures, with a request to endorse the same.

The Committee after carefully considering the same came to the conclusion that in view of the constitution of the Railway Rates Advisory Committee, they could not express any opinion on the matter. They informed the Alembic Chemical Co, that it was for the appealing party to justify its claim and prove its case before the Rates Advisory Committee.

(b) SHIPPING.

13. Marking of packages carried on board ships.

A letter from the Government of Bombay together with a copy of a letter from the Government of India and a copy of a communication from the International Labour Conference, Geneva, was received for the Chamber's opinion. It was stated in the Labour Office communication that the above proposal was in the interests of the safety of the workers and that it was capable of being regulated by an International Convention and they enquired of the Government of India whether there were any rules and regulations in India regarding the above. The Committee in reply informed the Government that such a procedure would increase the cost of expenditure and lead to serious disputes every time between buyers and sellers. There were no such rules and regulations regarding this matter in existence. They saw no reason why new ones should be promulgated thereby putting the commercial community to serious inconvenience.

14. Life-saving Appliances on Pilgrim Ships :-

The Government of Bombay invited the Chamber's opinion on the new rule regarding Life-saving Appliances on Pilgrim Ships

issued by the Government of India. The Committee replied on the 7th July 1926 stating that they had no views to offer with regard to the same.

15. Revision of the period of Load line regulations.

The views of the Chamber were invited by the Government of Bombay on the proposal of the Board of Trade to adopt the recommendations of the Load Line (zones) Committee of 1924 that the Indian summer period for the Bay of Bengal and the Arabean Sea should be restricted from 1st January to 30th April, the remaining months of the year being classed as summer period. The Committee in reply stated that the proposed recommendation would prove injurious to the Indian Shipping trade because the new regulation would take away 2 months and 10 days from the Indian summer period so far as the Bay of Bengal was concerned. The Committee were unable to see any justification for imposing such a hardship and loss on Indian shipping companies as that drastic curtailment of the period would lead to. They, therefore, hoped that the Indian summer period would be fixed from 1st December to 30th April.

16. Preparation and consignment of shipping documents at Beira (Portuguese East Africa) :—

The attention of the Committee was drawn by the Director General of Commercial Intelligence and Statistics to the fact that considerable difficulties were experienced by forwarding agents at Beira in view of the fact that no efforts seemed to be taken by the merchants to ascertain or to show on the shipping documents the the actual weight (Avor). The result was that a general dissatisfaction was expressed with the handling of the cargoes at Beira. The Committee brought this fact to the notice of the members of the Chamber.

17 Embarkation and Landing difficulties at minor Indian Ports :—

The Committee on the 28th July 1926 addressed the Government of India on the desirability of appointing a Committee to enquire

into the very unsatisfactory arrangements at various minor Ports with regard to the above difficulties of passengers. The question was considered by the Deck Passenger Committee appointed by the Government in 1926. This particular question did not form one of the specific terms of reference of that Committee, but it was considered by them as more or less one of the side issues. Though the question was only cursorily considered by that Committee and they did not go deep into it the facts represented in paras 50 and 51 of their report were of such a character as to justify action being taken on them in the interests of passengers. The Committee further stated that matters had reached a stage when it was absolutely essential that the question be more closely looked into by the Government. There were ports where those arrangements were of the crudest character such as could not be tolerated in any civilised country. They knew of cases also where passengers if they wanted to disembark had been practically thrown into the boat when it rose on the crest of a wave. The recent harbour incidents which happened near Cutch-Mandvi and Madras also showed how the defective arrangements at present for embarkation and disembarkation of passengers were frought with grave dangers to life and property of passengers. The Committee felt that incidents like those mentioned above could not have failed to draw the attention of the Government and they would be much obliged if they would be informed as to what action if any, Government proposed to take, or had already taken to improve the embarkation and disembarkation facilities. A letter was received from the Government of India explaining the whole question and stating that no such Committee was necessary.

18. Proposed Amendments in Indian Wireless Telegraphy (Shipping) Rules :—

The opinion of the Committee was invited by Port Officer, Bombay, re : the proposal of amending the Wireless Telegraphy Rules made by the Board of Trade with a view to provide for the scheduling of trades outside the United Kingdom, as being equivalent to coasting trade for the purpose of their rules. It was therefore proposed to make such amendments in the Indian Wire-

less Telegraphy (Shipping) Rules as would bring them into line with the Board of trade Rules to be modified in the manner proposed. The Committee in reply stated that they had no objection to the former proposal. They, however, suggested that voyages between ports in British India, including Burma & Ceylon should be construed by the Board of Trade also as it was construed by the Government of India as coasting voyages for the purpose of their rules. The Committee also agreed on the grounds of human safety with the Board of Trade that voyages across the Bay of Bengal should not be construed as coasting voyages either in the fair or foul season.

As regards the obligation of carrying wireless apparatus, etc., the Committee suggestad that even during the foul season vessels which ordinarily kept within 5 miles of the coast-line should be exempted from the same. With regard to the apprehension of the Government of India re: the difficulty in providing necessary number of Wireless operators they thought that it would not be difficult to obtain such operators in India if facilities for the training were made available, in the country. The Commitee, therefore, strongly urged the necessity for the provision for such facilities to Indian youths in that subject.

19. Bill re: Administration of Lighthouses in India:

The letter from the Government of India, Commerce Department, together with a copy of above Bill was forwarded to the Committee by the Government of Bombay, Marine Department, for their opinion. The Committee after carefully considering the Bill in question, agreed with the principle enunciated by the Government that maintenance, inspection and control of Lighthouses should be with a central authority. They also agreed that the cost of that Service should not fall on the general revenues of the country but should be defrayed from light-dues collected for that purpose. With regard to the creation of the Lighthouse Authority to maintain Lighthouses beyond British India limits, the Committee suggested that the cost of such maintenance should not, in any way, fall on shipping calling

at Indian Ports because the benefit of such Lighthouses would accrue to all shipping on the great trade routes east of Suez.

As for the constitution of the Central Advisory Committee that was proposed to be formed for the purpose of unifying the control and management of Lighthouses, the Committee stated that they had no doubt that the claims of Indian shipping for a proper representation on the same would be fully recognised by the Government of India.

(B) CURRENCY, EXCHANGE, AND FINANCE.

20. Currency Notes Refund Rules (Vide Item No. 35 of the Chamber's Report for 1925.)

The Committee replied to the Government of India that in their opinion the proposed amendment in the above rules might well be divided into two parts, one relating to the five and ten rupee notes and the other fifty and hundred rupee currency notes. With regard to the first, they would point out that the proposed changes would interfere with the present popularity of the currency notes. Facilities provided at present, in their opinion, for sending half pieces of currency notes through Post should be continued as the business community found the same very useful. With regard to the second, the Committee, in particular, would draw the Government's attention to the words in "in short, the effect of this change is to make it easier for the public to obtain half value of a half note but to make it more difficult for them to obtain full value on a half note" in their resolution. The effect of this change, according to the Committee, would be a great encouragement to dishonesty and thefts because the case of encashments now to be provided would be a great temptation to those into whose hands half pieces of currency notes fell to misappropriate the same. It would no doubt increase the risk of cutting the currency notes but would also increase the chances of fraud and thefts as shown above. The Committee therefore urged upon the Government the desirability of continuing the old practice which had been found very suitable to

the circumstances of the country and which had contributed to the popularity of the currency notes. It was true that in other countries there was no practice to be found of cutting currency notes excepting East Africa, Aden and Iraq, but the circumstances there were different and these facilities had been in vogue in this country for many years without any serious inconvenience or loss to the Currency Department, as far as the Committee were aware. At the same time the Committee would draw Government's attention to another point. Under the existing rules the period for recovery of the amount of the claim for lost notes appeared to them to be rather too long and they therefore suggested that efforts might be made to modify the regulation in this regard so as to shorten it as much as possible.

21. B. C. Rate and Exchange Banks :—

The attention of the Committee being drawn to the practice of the Exchange Banks of not accepting Sterling Drafts on London in payment of Bills against import goods but charging rate of their own called the B. C. Rate which was lower than the current rate for remittance to England, they addressed the Associated Exchange Banks on the 30th July 1926 stating that such a practice was adopted by the Banks during the war period and might have been justified in the abnormal circumstances of that period. They observed that circumstance had now changed and things were much more normal and sterling exchange in particular had been very steady for nearly two years. In view of all those, charging a penalty rate to importers had no longer any justification and they therefore trusted that the Association would be good enough to now reconsider the position and do the needful in the matter in the interests of the business community in general. The Associated Exchange Banks replied that the question had recently been before them and the Banks unanimously declined to alter the existing practice.

22. Transfer of Rs. 3 crores to the Secretary of State's Balances through Paper Currency Reserves :—

The Committee sent a telegram to the Government of India protesting against the above transfer. They stated that they were

unable to see the necessity of increasing such balances in view of there being a vast amount of £4½ millions in hand at the end of March last, nor why such remittance could not be made in the ordinary way. Unless Government could demonstrate the contrary, they must consider the present step as of the nature of Reverse Bills in its ultimate effects and analogous to similar transfers of 1922-23 with a view to raise exchange. They submitted that it was contrary to Government claim that the present rate was natural and considered that action highly objectionable both as being artificial manipulation of Exchange and as depletion of Gold resources making more difficult the establishment of Gold Standard which Indian opinion unanimously wanted especially at a time when the Currency Commission's Report was shortly expected and present action was likely to prejudice their conclusions.

23. Deflation of Rs. three crores by the Government of India as reported for on the 15th September 1926.

The Committee addressed a telegram on the 22nd September 1926 to the Government of India protesting against the reported deflation of rupees three crores which was identical with the sales of Reverse Bills. In view of the crops which would need moving shortly the Committee had no doubt that the policy of contracting currency with a view to sustain Exchange was against the best interests of India. They also stated that reports already received by them indicated that prices available to grower in existing monetary conditions were dangerously close to the point where it did not pay him to part with his produce. If to this was to be deliberately added tighter money which must follow the policy, started of contracting currency, Committee submitted that Government gravely consider consequences of such a policy obviously started for the purpose of supporting Exchange to the artificial figure on which Government seemed to be intent.

24. Deflations in Currency :—

On 21st October 1926 the Committee adressed to the Private Secretary to H. E. the Viceroy over the signatures of Presidents of 12

Commercial Associations of Bombay, protestinga gainst the repeated deflations of Currency ending with Rupees five crores on the 18th October against created securities. It was stated therein that that deflation was neither supported nor warranted by the Currency Commission's recommendations. The signatories felt convinced that all the deflation was dictated by persistence in maintaining exchange at the existing artificial rate and apprehended very serious consequsnces therefrom to agriculture, trade and industries. They therefore trusted that H. E. the Viceroy would intervene before it was too late to check the deterioration that was perceptible in the economic condition of the country both in matters currency and agriculture.

A similar telegram was sent by the Committee of the Chamber on 30th November re the further deflation of five crores of rupees from currency strongly urging the Viceroy to seriously consider the grave results of the policy of continuous deflation of currency.

25. **Royal Commission on Indian Currency and Exchange :-**

The Committee sent a telegram to the Government of India condemning the recommendations of the majority of the Commission. They further stated that the standard recommended was not an absolute gold standard as claimed but an exchange standard because currency authorities were given the option to tender gold exchange instead of gold. They considered it even worse than the pre-war gold exchange standard because pre-war standard was confined to sterling currency only while the new system proposed offering currency of any country with a free gold market involving holding of the country's Currency Reserves in several countries and thereby increasing risks to India's Currency Reserves in the event of another big war when some currencies might again suffer the fate of the Franc, if not Rouble or Mark. Arguments advanced for the 18*d.* ratio were, in their opinion, an outstanding example of *suppressio veri and suggestio falsi* leading lay public to believe that some interest must suffer anyhow and it did not matter which and suppressing the important fact that interests adversely affected were those of the producer and cultivator being the largest and the poorest section of the population whose interests

should have precedence with any Government alive to its responsibilities. They did not see any use for the suggested new State Bank and considered the present Imperial Bank with necessary modifications and restrictions most suitable to the country. They also opposed the suggestion of demonetizing of the sovereign and half sovereign, and condemned the remarks of the majority of the Commission on the dissenting minute of Sir Purshotamdas Thakurdas. The Committee in an exhaustive confirming letter elaborated the points covered in the telegram which was published fully in the Press.

26. Currency Bill :

The Government of Bombay forwarded for the Chamber's opinion a copy of Currency Bill of the Government of India to amend the Indian Coinage Act 1906 and the Indian Paper Currency Act of 1923 for certain purposes and to lay upon the Governor General in Council certain obligations regarding the purchase of gold and sale of gold or gold exchange. The Committee in forwarding their opinion reiterated their views already expressed on the question regarding the establishment of a gold standard and gold currency in India. They stated that the gold bullion standard was absolutely unacceptable to them even temporarily unless satisfactory assurances from Government regarding the free inflow of gold into India for monetary purposes without any let or hindrance or any discretion to the Currency authority to divert the balance of trade in favour of India by purchasing what were called gold securities abroad were given. They strongly protested against the rate of 1s. 6d. recommended by the Currency Commission, because it was a rate that would, in their opinion, be extremely harmful to the millions of producers of India. After briefly summarising the arguments for 1s. 4d. ratio and the incalculable harm that would be done to India by fixing the ratio at 18d. they emphatically protested against the proposed legislation which was brought forward to give effect to the recommendation of the Royal Commission to confirm the ratio at 1s. 6d.

27. Publication of Volumes of Evidences to the Report of the Royal Commission on Indian Currency and Finance :

The Committee addressed a telegram on 22nd September 1926 to the Government of India Finance Department regarding the delay in publishing the above volumes. They stated that they regretted that despite two and a half months elapsed since the Report of Royal Commission submitted, volumes of evidence and appendices were not yet available to the public. They enquired how Government expected the public to acquaint themselves with details. They feared that through that procedure Government would contribute to the ignorance of details on the part of the general public and the commercial community regarding the report.

The Government of India informed the Committee that the volumes were already dispatched from London, and they would be made available to the public as soon as they were received in India.

28. Trading in Government Securities :

The attention of the Committee was drawn by the Government of Bombay to a notice given by the Native Share & Stock Brokers' Association regarding permission for trading in Government Securities on and after the 15th February 1926 under the rules which they had submitted to the Government. The opinion of the Committee was particularly invited on the limit of trade which had been fixed by the Association at Rs. 10,000 and on the question of fortnigtly settlement of business in Securities. The Committee in reply informed the Government of Bombay that the unit of trading should be Rs. 50,000 instead of Rs. 10,000 and the settlements should be fortnightly.

29. Government of India Budget for 1926-27 :

The Committee sent a telegram to the Government of India welcoming the final removal of the odious excise duty but regretted that claims of Bombay in the matter of relief from Provincial contributions had been once more ignored despite Bombay's heavy deficit budget while special relief had been continued to Bengal. They also considered as misleading the use of 18d. rate of exchange for purposes of Public Debts at a much lower figure than was shown in a similar statement last year while the burden in

terms of gold absolutely remained the same. They further regretted that even 4 years after the report of the Inchcape Committee it had not been found possible to bring down the military expenditure to the figure of Rs. 50 crores suggested by that Committee and urged substantial reduction in the same during the current year. They also regretted Government's attitude in the matter of reduction of postage charges and considered the illustration by means of index numbers misleading because according to the figures given in the Budget India should be overwhelmed with imports and be unable to export whereas the reverse was notoriously the case and showed that the Indian price level must be below the world price level. They strongly suggested separation of accounts of Postal department from those of the Telegraph and Telephone departments when a reduction would appear fully justified by earnings of the department at least in the matter of 3 pies post card. The Committee further urged consideration, at the earliest possible opportunity of the total abolition of company super-tax which operated as a very odious form of double income-tax.

30. Allocation of discount and stamp duties to capital account when raising loans by the Bombay Port Turst (Vide item No. 34 of the Chamber's report for 1925):—

In this connection a letter was received from the Government of Bombay informing that the Government of India had allowed the local Port Trust to debit these charges to the Capital Account while raising their loans. The letter was recorded.

31. Debt Position of the Bombay Government and Local Bodies.

The copy of correspondence that had passed between the Bombay Chamber of Commerce and the Bombay Government on the above subject was received from the Government for the information of the Committee.

32. Recommendations of External Capital Committee re: useful employment of Indian Capital.

The views of the Chamber were invited by the Government of Bombay on the various recommendations of the External Capital

Committee in paras 9 to 16 of their report for the development of internal capital resources of the country, and the increasing facilities for the profitable employment of money. That Committee recommended a general survey for the purpose. Various points on which the Government desired the Chamber's views were: (1) the means whereby deposits might be encouraged; (2) the provision of proper banking education on western lines so as to create a class of trained bankers; (3) closer inspection and control of joint stock banks by Government and their audit if desired by the banks themselves; (4) the extension of remittance facilities such as bank post bill, telegraphic transfers, supply bills, etc.; (5) the question of giving more facilities for clearing the cheques of private firms upcountry; (6) the extension of markets for Government securities by the creation of public Debt Offices in places other than the Presidency towns and the development of stock broking in such cities by the creation of Stock Exchanges for dealing with securities in general; (7) the increase of credit facilities particularly of long term credit for agriculture and industries; the development of land mortgage institutions and industrial banks for the purpose; (8) possibility of financing the produce of agriculture and industries by negotiable instruments to a greater extent than at present. The Committee in reply recognised the supreme importance in the economic life of the country of the issues which were raised with a view to improvement of banking organisations and more intensive utilisation of the money resources of India. They had read the remarks of the Finance Secretary in the Council of State and they would welcome the appointment of a Committee with a non-official majority and adequate representation of Indian interests to have a minute survey of problems raised and when such a Committee was appointed they would be glad to assist it in every possible way. They considered that the various issues raised by the External Capital Committee could more profitably be dealt with by such a Committee and they therefore did not wish to go into any such issue at present. The Committee, however, specifically mentioned the very important place which the Imperial Bank of India occupied as the keystone of the entire banking system of the country, as a regulator of money rates in the country and as Govern-

ment bankers with extensive privileges in remittances. It was likely to play a very important part in any reforms which might come to be recommended by such a Committee. Under those circumstances it was desirable that the constitution of the Bank which was at present unsatisfactory should be brought into greater consonance with public demand. While the Imperial Bank of India Act at present gave a certain amount of control to the Government of India, the Government were always able to plead that they had no voice in the internal administration of the Bank. That position, in the opinion of the Committee, was entirely unsatisfactory. They would draw their attention to the fact that the consideration of the proposal for a State Bank in India was an important item recommended for special examination by the Chamberlain Commission of which the Hon'ble Sir Basil Blakett, the Finance Member, was Secretary. That issue had subsequently been shelved on account of the war but in view of more settled conditions and of the changes which the recommendations of the Currency Commission might involve, the full bearing of the present position of the Imperial Bank in system of the country must be carefully examined. They trusted that whatever action Government proposed to take in those directions would be prompt and that the proposed banking enquiry would precede to findings of the Agricultural Commission whose work would be very incomplete without careful expert examination of the method by which agricultural produce was financed at present. The Committee in conclusion asked the Government to go very gingerly about the introduction of any reforms in the direction of uniformity in the Bills of Exchange at present in vogue as if the reforms were not understood they might do more harm than good.

33. Transaction facilities in Government of India Sterling Securities in India :—

The Committee wrote to the Government of India stating that the sterling securities issued in England by the Government of India gave a larger yield than the Rupee securities. This had led to the purchase of such securities by investors in this country and the Committee felt that such a tendency required to be encouraged in the best

interests of the country. They believed that Government also welcomed such development because the Finance Member himself sometime ago foreshadowed a time when India would have bought her own Sterling debt. If Government were desirous to encourage that tendency the Committee would urge that they might in consultation with the Imperial Bank of India and Public Debt Office, take immediate steps to facilitate such investment. The facilities that the Committee had in mind were the enfa cement of Sterling papers from London to Calcutta or Bombay and the payment in India of interest warrants in India when they fell due, because under the present conditions an Indian investor was obliged to keep his purchase of sterling securities with some banker in England and to ask him for collection of interest and also for refund of income tax and had got to pay him something for all that work. They would also urge that as a further help to Indian investors in sterling securities Government should arrange for the quotation of the sterling securities of the Government and the debentures of the various railways being available daily in Bombay and Calcutta through Reuter. The Committee were informed in reply that the Government had had for sometime been giving careful attention to the subject. It appeared, however, on a preliminary examination that there were legal and other difficulties in the acceptance of the Committee's specific proposal. The Government thought it desirable to postpone further examination of the question until the report of the Royal Commission on Indian Currency and Finance had been received and considered.

Afterwards the Committee were informed that until the question of Reserve Bank might be decided, nothing could be done in the matter.

(C) STORES PURCHASE.

34. Suggestion of the Chamber's representative on the Indian Legislative Assembly regarding Stores held by various Government Departments and statement showing the items in dispute either for credit or debit of the Government of India (Vide item No. 33 of the Chamber's report for 1925) :

In reply to the Committee's letter on the above, a letter dated 14th January 1926 was received from the Government of India stating that they appreciated the desire of the Chamber that information should be available regarding the amount of stores held by different departments and the claims outstanding in favour of or against the Government of India. The Government however, considered that such information would be out of place in the budget statements as desired by the Committee. They had therefore accepted the suggestion of the Auditor General that following the practice in Great Britain important accounts of stores held should, in future, be exhibited in the published annual 'Audit and Appropriation Accounts" which were scrutinised by the Public Accounts Committee. Those accounts would also contain comments on important outstandings realised and large claims outstanding for a long time against the Government.

35. Rupee Tender System.

The attention of the Committee having been drawn to a reply given by the Honourable Sir B. N. Mitra to a member of the Assembly on the subject of Rupee Tender, they addressed the Government of India stating that the reply entirely begged the whole question. What was wanted was that Government should accept the lowest satisfactory tender but that the price indicated in such tenders should not be in foreign currency but in Indian currency and include all charges upto delivery in India. The Committee were, therefore, unable to understand how there could be any sacrifice of economy in accepting such satisfactory lowest tenders and would be glad to have a clearer indication of what Government had in mind so that they, could, as businessmen, see whether any sacrifice was really entailed. On the information at present before them the Committee were unable to see any such sacrifice and were forced to the conclusion that the issue of economy was merely raised to justify further delay in that most important matter. They felt that the argument of unsatisfactory quality had also been trotted forward merely to evade the real issue because in the present state of industries in Europe and in view of the great anxiety of European manufacturers to

secure orders the Committee found it impossible to believe that they would refuse orders merely because the quotation was called for in Indian currency and was for delivery in India.

36. Coal for Sukkur Barrage (Vide item No. 38 of the Chamber's Report for the year 1925) :

In this connection the Committee again addressed the Government of Bombay stating that they had reconsidered the matter and thought that a saving could be effected in the expenditure incurred on local purchases for the Sukkur Barrage if Government made some changes in the system they had adopted at present. The Government had formerly indicated that it was considered necessary to hold all supplies at Karachi because wagons were easier to get and supplies easier to rail to all points where needed. That procedure, however, involved unnecessary rail freight, a good deal of which could, the Committee felt, be saved if,

(1) Tenders were called for a minimum quantity to be stocked at Karachi which would be considered as an emergency depot to fall back upon should the supply from the collieries fail to reach the various stations at which the coal was required ;

(2) Tenders were called for delivery of coals at pits' mouth for despatch to the various stations at which coal was required to be consumed.

By that system coal could go direct from pits'mouth to the consuming points in regular instalments direct from the coalfields and the freight between Karachi and such points could be saved ; in case there was some hitch in regular supply the emergency depot at Karachi could be drawn upon. The Committee trusted that their suggestions would receive favourable consideration. In reply the Committee were informed by the Govern-

ment that they assumed that imposition of the condition mentioned by them would ensure a sufficient supply of coal at the various stations at which it was required. The Government pointed out that uncertainty of delivery was one of the drawbacks and not the only drawback of the free on rail colliery system. As the coal was required at a series of changing points for supply to a fleet of mechanical excavators it would be impossible for them to regulate a distributed supply of coal to the various sites of requirements from a colliery some thousands of miles away without being faced with all sorts of difficulties and risks which they were not prepared to face. After considering the matter in all its aspects Government had come to the conclusion that the present system of calling for tenders on free on rail Karachi basis and the maintenance stock there was the one most suitable as being in the best interests of the Barrage works themselves. In the circumstances they regretted that they were unable to accept the Committee's suggestion.

37. Purchase of Pugree Cloth:

The Committee addressed the Government of India stating that their attention was drawn to an item of Pugree Cloth in the Abstract for the half year ending 31st December 1925, of cases in which the lowest tenders were not accepted. The explanation given was that delivery was very urgently required. The Committee failed to see why there was an urgency for the supply of such an article. They stated that if the country was at war and the fitting out of units for the front was in hand they could understand the urgency but that was not the case when the Pugree cloth was ordered and they could not help feeling that the indenting officer, whoever he was, had been guilty of an abuse of his powers and should be called upon for an explanation to show why that cloth was indented not only

as urgent but very urgent. The amount involved in that particular case was small but the Committee had been constrained to draw pointed attention to that as it was a very glaring instance of the indenting officers throwing away money by calling for urgent deliveries when there would not be any need for urgency and when goods delivered in the ordinary course would serve the purpose equally well. The Committee would be glad if Government could see their way to issue instructions to purchasing officers not to ask for urgent or very urgent deliveries when the delay of a few weeks or even months could not possibly do any harm as in the case of the Pugree cloth above mentioned and state the reasons for urgency, if any, in the copy of their indents to be forwarded to the Chief Controller of Stores. They considered the issue of such instructions very necessary in the interests of economy as urgency was a frequent reason adduced for the non-acceptance of lowest tender. The Government in reply explained how the urgent demand in that article had arisen. The Committee afterwards requested them to supply them with specifications of pugree cloth which were supplied.

38. **Purchase of Cement :**

The attention of the Committee was drawn to a similar instance of the purchase of cement by not accepting the lowest tender of £ 9,900. The tender accepted was of £ 11, 100. The indenting officer insisted upon accepting the tender of the particular British firm against another British firm whose tender was the lowest. The Committee emphasised that it was altogether an uncalled for waste of public money and expressed the hope that the matter would be looked into. The question was discussed with the Honourable Member for Industries, Government of India, at his last interview with the Committee when he informed the Committee that Government could not buy

British cement if the foreign articles could be had appreciably cheaper. He also urged that the indenting officers had their predeliction for certain goods of the quality of which they had been satisfied by long experience. The Committee pointed out that as for the question of price it was notorious that prices of Indian cements were cheaper than those of imported ones, except for Burma or the South of India where the distance made the cost of the Indian articles too high. They, therefore, enquired of the Government whether that particular order was for some destination not within the sphere of Indian cement companies and if so which such destination was. The Committee also urged that Government should specify standards to which all cements used in Governments should conform and then issue instructions that indenting officers should buy their requirements in India so long as cement conforming to such specifications was available at the right price. The Committee in this connection drew the attention of the Government to their letter of December 1924 regarding the insistence of an indenting officer to purchase Dickinson's paper only. They asked Government whether the officer in question was called upon for an explanation as to why he favoured Dickinson's when there were not one but several manufacturers of first class reputation both in England and on the Continent. The Committee in conclusion submitted that the cases cited above were cases of inexcusable waste of money and Government should take steps to put such cases down with a strong hand and should insist that the Indian Stores Department both in India and London should never be tied down by purchasing officers to any particular maker except when it was some article of the patent or speciality of such maker.

In reply to the Committee's letter the Government of India informed them that the cement in question was required for

use in Burma where the distance made the cost of the Indian article excessive. As regards the Committee's suggestion that the Government should insist on the indenting officers purchasing cement required by them in India provided cement conforming to the standard specifications was available in the country, the Government of India observed that so far as purchases by the Central and minor Local Administrations were concerned Rules 1 and 2 of the Rules for the supply of articles for Public Services clearly laid down the principle advocated by the Chamber.

As regards the Committee's enquiry regarding purchase of Dickinson's paper, the Government of India stated that the matter was fully investigated by them and it was ascertained that the paper of the quality required in that case was not manufactured in India and could not be manufactured by any existing paper mills in the country. The Committee thereupon requested the Government of India to let them know the name of the Government which ordered the same. The Government of India informed the Committee that the Madras Government had ordered the paper in question.

39. Stores Purchase policy of the Bombay Government :

The attention of the Committee was drawn by a member to the exemption granted by the Government of India to the Government of Bombay from the rule by which all refunds to provincial Governments on their purchases of Customs duty paid by them, were stopped. Under those conditions the Government of Bombay were definitely encouraged and subsidized to make their purchases of plants and materials abroad rather in the local markets and from the local merchants or manufacturers. The Committee thereupon adressed the Govern-

ment of Bombay drawing their attention to the recent discussion they had with the Honourable Member for Industries, Government of India, regarding stores purchase rules and the refunds allowed by the Government to them.The Committee took that opportunity to address them on the subject and emphasised the urgency of making all purchase of their stores by rupee tender as that was the only way in which Indian trade and industries would have fair play as against foreign competition. The Government of India had framed a set of rules for purchasing their stores and the Committee enquired the Government of Bombay what steps they had taken in the Province and if there were any set of rules or instructions issued to their purchasing officers, they would be glad to have a copy of the same, because they were very much afraid that unless proper stores purchase rules were in existence indents for stores would continue to be placed outside India. If such rules did not exist, they would request the Government to prepare a set of stores purchase rules for the guidance of all consuming departments. The Committee trusted that Government would take urgent steps to put purchase of stores in the Bombay Presidency on lines suggested by them.

40. Publication of prices in Classified List of Stores :

The attention of the Committee was drawn by a member to the fact that prices of articles purchased by the Indian Stores Department were not published in the "Classified list of Stores indented for by Government Departments in India on the Director General, India Stores Department, London." The Committee thereupon addressed the Government of India drawing their attention to the same and stated that the inclusion of prices in such list would be very useful to the merchants. The Government were already following the practice in the matter of stores purchased by the Chief Controller of Stores in

India and they considered that the purchases by the London Store Department should similarly be reported so that the suppliers in India might know the prices at which the goods had been purchased and arrange to supply similar articles themselves in future. In reply the Committee were informed by the Goverment that the indents merely indicated the estimated prices of the articles and even that information was frequently lacking. There was a considerable difference between the estimated and the actual prices and the publication of the former would in many cases be misleading. In the circumstances Government regretted that they were unable to give effect to the Committee's suggestion. They moreover added that they had already decided that in the case of purchase of stores for which a simultaneous tender was called for in India and the United Kingdom the price of the stores obtained from the Director General India Stores Department, should be published in the Indian Trade Journal.

In this connection the Chief Controller of Stores, India Stores Department drew the attention to the fact that the above-mentioned lists were not welcomed by firms in India. The response was also very extremely disappointting, despite steps taken by his Department to give publicity to the fact that copies of the same were available for sale. It indicated that the lists were not felt by the interests concerned to be of much utility. The Government of India had therefore decided that unless Chambers of Commerce, Commercial firms, etc. were prepared in future to purchaee a much larger number of copies of the lists than hitherto the publication of the same would have to be discontinued. The opinion of the Committee was invited on the same. The Committee in reply stated that apart from the fact that the price of the publication was too high, they had already drawn the attention of the Government

to the fact that prices at which indents had been placed by the India Stores Department were not given in the list published and that greatly detracted from the value of the publication from the point of view of merchants and manufacturers. They, therefore, urged the consideration of the inclusion of prices in such list. As for the publication being discontinued because a large number of copies could not be sold, the Committee stated that such publications were not intended to show a profit or even to cover expenses by themselves but to help in the economic development of the country by encouraging the manufactures in the country of many of the articles that were now imported. They, therefore, felt that the publication of the lists would be continued, if not separately then as a supplement to the India Trade Journal and free copies should be made available to all the commercial bodies. In case it was still considered impossible to include prices, the Committee felt that if bi-monthly publication were not possible on grounds of cost then it would be better to publish it once every six months rather to discontinue it as it would then be possible to give the prices also as it would give merchants and manufacturers in the country an indication of various kinds of articles now being imported.

41. Contracts for tarpaulins placed by the Indian Stores Department without inviting public tenders.

The Committee addressed Government of India stating that their attention was drawn to the above orders mentioned in the Indian Trade Journal of 29th April 1926. They were given to understand that the usual practice in making purchases over Rs. 5,000/-was to invite public tenders by notification in the Indian Trade Journal and other important papers. It was alleged that such a practice was not followed in the above cases. They would therefore be obliged if they would be informed

if the allegation was correct and if so, the reasons for the course adopted. The Government informed the Committee in reply that the sole reason for not following the customary practice in those cases was that the delivery instructions given by the indentors were such as to preclude the Chief Controller of Stores, Indian Stores Department, from following that course. The indent from E. I. Railway was received by his Department on 15th February 1926 and paulins were required for delivery in Culcatta by 15th May 1926. The G. I. P. Railway indent was received on 11th February and delivery was required to be completed at Bombay by 15th June 1926. It was obviously important that those delivery dates should be observed because tarpaulins were required to protect merchandise in transit from rains and should therefore be received in time to permit of distribution over the Railway Systems before the break of the monsoon. The system of purchase by public advertisement entailed a delay of 3 or 4 weeks as compared with the method of issuing tenders direct to reputable suppliers and in those cases it was considered that delay could not safely be countenanced. At the same time the tender forms were so distributed as to ensure that every reputable supplier in India was given an opportunity to tender. The Chief Controller of Stores was calling the attention of the railways concerned to the necessity of submitting indents in future by a date which would permit of requirements of those articles being brought to the notice of all tendering firms by inviting public tenders by notification in Indian Trade Journal and if, necessary, the important papers.

The Committee again addressed the Government of India on the 8th July 1926 stating that the plea of urgency was unfortunately set up on several occasions by the indenting departments and they had been obliged to draw the attention

of the Government of India several times to the fact that such pleas came in the way of the High Commissioner's placing his orders in the cheapest market. They suggested that even in cases like the present where the time in hand was considered too short tenders could still be invited and the time for returning of such tenders might be made much shorter than was ordinarily the case. The Committee further stated that they were very glad to know that tenders were issued direct to reputable firms and would be glad to know how many such firms if any on the Bombay side were invited to tender. The Committee were informed in reply that five Bombay firms were invited to tender for the G. I. P. order and two Bombay firms for the E. I. R. order.

42. Publication of details of contracts in the Indian Trade Journal.

The Chief Controller of Stores informed the Committee that the publication of details of contracts in the above Journal was considered to be prejudical to interests of important manufacturers and suppliers in their dealings with smaller purchasers. He therefore recommended that alteration of the existing procedure was called for in the general interests of the industrial communities the necessity of the case would be met by omitting particulars of the quantities involved in each contract. That omission would still render the published statement capable of precise interpretation by the interested members of the trade, that is, those who tendered or applied for and received the tender forms but would not indicate the rate at which the contracts were placed to outside parties. The opinion of the Committee was invited on the same. The Committee in reply stated that the complaint of larger firms was not justifiable at all. They were inclined to believe on the contrary that the publication of prices per unit would give

reasonable opportunity to business enterprise and would bring on the next occasion a larger number of competitors resulting in economies for Government purchases. They therefore strongly opposed this suggestion and reiterated that it was desirable to give full publicity to the rates at which tenders were accepted. The Government afterwards decided to continue the practice of giving all details.

43. Purchase of Leather cloth:—

The Committee addressed the Government of India on the subject of the recent order for Leather cloth placed by the High Commissioner for India with the Rexine, Ltd., a British firm. They regretted to note that inspite of the manufacture of leather cloth of approved quality in the country, the indenting officers placed orders abroad for such purchases. The Committee requested the Government to enquire into the matter. The matter is still under correspondence.

44. Non-acceptance of the lowest tenders by the India Stores Department, London, during the half year ending 30th June 1926 :—

The Committee addressed the Government of India regarding the cases in which tenders other than the lowest complying with the technical description of goods demanded were accepted by the India Stores Department, London, on the grounds of superior quality, greater facility of inspection, quicker delivery, etc. They stated that no reforms worth the name had been made by the Government in matters of Stores Purchase. They also complained against the usual pleas of (1) the cost of the inspection of goods on the Continent, (2) urgent delivery, for not accepting the lowest tenders by the India Stores Department, London. The purchase of articles like (1) Waistcoats, (2) Mosquito-netting, (3) Cord Cotton Khaki was,

in their opinion, a glaring example of misplaced demands on the score of urgency. The Committee requested the Government to introduce necessary reforms in their Stores Purchase Rules on the lines of the draft set of rules submittted by them to Government in 1924. They also requested the Government that they should arrange for annual visits of the Indian High Commissioner to India to discuss the important stores purchase matters. In reply the Government drew the Committee's attention to their previous letters re: urgency etc. As regards the visits of the Indian High Commissioner to India, the Government informed the Committee that such visits were not necessary. The matter is still under consideration.

(D.) TARIFFS AND TAXATION :—

45. Amendment in Section 8 of the Indian Income Tax Act, 1922:

The opinion of the Chamber was invited by the Central Board of Revenue on the above namely viz., in entry 2 of the statement in the Rule 8 the words "aluminium factories" after words "iron and brass foundaries" for which a percentage of 7½ on prime cost is sanctioned shall be inserted." The Committee replied that they had no objection to the proposed amendment.

46. Proposed amendment in Rule 20 of the Indian Income Tax Rules:

The Committee were informed by the Central Board of Revenue that an amendment to the effect that in the second of the two alternative formulae contained in para 5 of the form of notice of demand set forth in rule 20 of the Indian Income Tax Rules, after the words 'who may apply to me' the words "within one month from the receipt of this Notice" should be added, would be made; and the opinion of the Chamber was invited thereon. The Committee in reply suggested that the proposed period of one month was too short and that it should be extended to 3 months. In reply the Com-

mittee were informed by the Central Board of Revenue that section 27 of the Indian Income Tax Act provided that application for the re-opening of an assessment under that section should be made within one month of the service of the Notice of Demand. The suggestion of the Commitee of a longer period, therefore, could not be adopted as it would be ultra vires.

47. Proposed amendment in Rule 17 of the Indian Income Tax Rules:

The Committee were informed by the Central Board of Revenue that the return of Income supplied by Government officers to the Income Tax Officer under section 21 of the Act should contain information regarding house allowances, amount of bonus, gratuity, fees, commissions, perquisites, allowances other than those shown in column 6 or profits in lieu of or in addition to the salaries, or wages and reduction on account of Provident fund and other funds and reduction on account of life assurance premia should also be supplied henceforward; the opinion of the Chamber was invited thereon. The Committee in reply stated that they had no objection to the proposed amendment in Rule 17 of the Income Tax Rules.

48. Amendment of Rules 2 and 6 of the Income Tax Rules, 1922.

The opinion of the Committee was invited by the Central Board of Revenue on the above amendments. The amendments in Rules 2 and 6 of the Income Tax Rules were to the effect that for the words "on or before the date on which a return was due under sub-section 2 of Section 22 of the Act," the words "at any time before the assessment of the income of the firm is made" should be substituted. The Committee on the 7th September 1926 replied that they approved of the amendments.

49. Proposed insertion of new rules in the Income Tax Rules:

The opinion of the Committee was invited by the Central Board of Revenue regarding insertion of three new Rules after Rule 41 of

the above rules regarding the supply of returns by the principal officer of a company under section 19A in respect of a dividend or aggregate dividends if the amount exceeded Rs. 10,000. The Committee in reply on 13th September 1926 approved of the same but suggested that the principal officer of the Company should give a certificate in the form suggested by the Committee so as to enable the non-resident shareholder to claim refund in case he was not liable to super-tax. That certificate, in the opinion of the Committee, should form part of the new rules 42 to 44 of the Income tax Rules 1922.

50. Refund of Income Tax under Sec. 48. (small incomes relief to non-residents).

The Committee were informed by the Government of India, Central Board of Revenue, that they were contemplating the amendment of the Indian Income Tax Act of 1922 so as to restrict to some extent the right of non-residents to refund under Sec. 48 (small incomes relief) in respect of dividends of companies liable to Indian income tax and interests on Indian securities. It was proposed that such refunds should be withheld altogether from non-residents who were not British subjects or subjects of Indian States while refund to non-resident British subjects and subjects of Indian States would be allowed and calculated not with reference to the claimant's total income taxable in British India but with reference to his total income wherever derived which would be taxable if it accrued, arose or were received in British India. It would be for a claimant to adduce satisfactory proof of the amount of his income outside British India and there should be no insuperable difficulty in doing so if it were arranged that certificates granted by proper officials in the United Kingdom or a Dominion or Indian State should be accepted as evidence on the point by the taxing authorities in India. It could be seen that the proposed amendment was modelled on the law in the United Kingdom. In regard to non-residents who were not British subjects there seemed to be no reason why India should be more generous than the United Kingdom (except in regard to subjects of Indian States). Another reason for

restricting refunds to non-residents available was that in regard to them the difficulties of checking fraudulent claims were greatly accentuated. The Committee replied that they had no remarks to offer at present on the proposal but would like to watch the working of the amendment for some time in order to see if the same gave rise to any complaints or called for any suggestions.

51. Amendment in Rule No. 9 of the Indian Income Tax Rules, 1922 :

The Central Board of Revenue informed the Committee that in the form set forth in Rule 9 of the Income Tax Rules 1922 after column (1) of the Schedule the column of " original costs " would be inserted. The opinion of the Committee was invited thereon. The Committee in reply stated that they had no objection to the proposed amendment.

52. Amendment in Rule 39 of the Indian Income Tax Rules, 1922 :

The Central Board of Revenue invited the opinion of the Committee on the draft amendments in Rule 39 of the Income Tax Rules, 1922 regarding the application to be made by the assessees for refund of income tax to the Income Tax Officer, which was proposed to facilitate the work of the income tax assessees for such refund in different income tax circles by empowering Income Tax Officers of different circles to entertain such applications. The Committee in reply stated that they saw no objection to those amendments.

53. Amendment of Sections 30 and 32 of the Indian Income Tax Act :

The Committee drew the attention of the Central Board of Revenue to Section 30 of the Indian Income Tax Act, 1921 which empowered the Assistant Commissioner of Income Tax to entertain appeals against the orders of the Income Tax Officers under proviso of Section 23 of the 27 or Act or sub-section (2) of section 25 or 28. The Assistant Commissioner was thus at present restricted to entertain appeals if the same were lodged with him under the section stated above. This created hardships on the Assessees in view of

the fact that many orders passed by the Income Tax Officer with regard to registration of firms as well as penalty levied under section 46 of refund claims under section 48 could not be appealed against to the Assistant Commissioner as the appellate powers were specially restricted under section 30. The Committee therefore suggested that instead of amending the section under which appeals could be made by the Assessees to the Assistant Commissioner the section might be made general so as to enable the Assistant Commissioner to entertain any appeals against the orders of the Income Tax Officers which arose in the course of the proceedings of the Act. A similar amendment was also required, the Committee further suggested, in connection with section 32 which empowered the Commissioner to entertain appeals if they were appeals against any orders of the Income Tax Officers under section 28 or sub-section (3) of Section 31. The Committee requested the Government to make the necessary changes in the Law so as to allow appeals to the Assistant Commissioner against the orders of the Income Tax Officers on matter that arose in the course of the proceedings of the Act. The Committee were informed by the Central Board of Revenue that Government did not think that there was any necessity of any such amendment in the Law.

54. Recommendation of the Taxation Enquiry Committee regarding list of persons liable to professional taxes.

The opinion of the Committee was invited by the Government of Bombay on the proposal of the Taxation Enquiry Committee in paragraph 250 of their report to amend Section 54 of the Indian Income Tax Act IX, 1922, so as to permit the Income Tax Officer to draw up list of persons liable to local taxes such as a profession tax and the sums for which they were liable and to communicate such lists to the authorities responsible for collecting the local taxes. The Committee strongly protested against the proposal.

55. Abolition of Company Super-tax:

The Committee on 4th August 1926, addressed the Government of India on the above subject stating that in these times of depression

and poor trade the Company Super-tax was a very heavy burden on the investor who had frequently to go without a dividend or be content with a very small dividend. The tax was levied at the rate of one anna on the profits of companies over and above the income-tax which amounted to the full 18 pies on all concerns of any importance. The dividends declared after such deductions did not go only to a few rich people but thousands of small investors and those small investors who would not ordinarily be liable to any tax whatsoever were thus indirectly mulcted of 18 plus 12 pies or 30 pies in the rupee in all. The unfairness of the impost would be better appreciated if it was borne in mind that people who did not invest in joint stock company shares but placed their moneys on fixed deposits with Banks, etc., entirely escaped the whole of these 30 pies deduction at source and had only to pay whatever their real total income made them assessable for. If for any reason the Government of India could not see their way to immediately do away with the Company Super-tax, then the Committee strongly recommended that a refund of the 12 pies should at least be allowed to these assessees whose incomes entitled them to refund of income-tax only at present. This question was discussed with the Senior Member, Central Board Revenue, during his recent interview with the Committee.

56. **Present method of assessment of properties to income tax:**

The Committee addressed the Government of India on 4th August 1926, on the above subject stating that from the proviso to Section 9 of the Income-Tax Act it would be seen that if income from the source mentioned therein was less than the amount of reductions provided therein the loss accrued could not be set off against incomes from other sources as provided in Section 24 of the Act. The Income-tax authorities made the position still worse in the case of an assessee who held several properties by taking each as a separate unit and not allowing the loss on one to be set off against the profits, if any, of the other properties. The Committee urged that if some of the properties showed a net loss it should be allowed to be set off against the results of other properties and business. The Committee

also drew the attention of the Government to another hardship. While the losses from some properties were not allowed to be set off against the profits of the same assessee from even his other properties, such profits were added to his business income for purpose of super-tax and made a man liable for super-tax even if otherwise he might not be liable. They submitted that the impost was an undue hardship on the assessee and it would only be fair and equitable to allow both the minus and plus results of various immoveable properties of an assessee to be included in the total income for assessment to super-tax. They trusted that that point also would have the early consideration of Government with a view to a change in the present method of assessment of properties. This question was also discussed with the Senior Member, Central Board of Revenue, when he recently interviewed the Committee.

57. **Practice of local Income-Tax Office of taking down notes from account books of merchants :**

At the instance of a member, the Committee on the 14th July 1926 drew the attention of the Commissioner of Income Tax, Bombay, to the above practice. They stated that the merchants were compelled to attend with heaps of books which first passed through the hands of minor assistants and had again to pass the hands of Examiners with the result that they had to waste at least 2 or 3 days and sometimes many more days in attending the Income Tax Office much to their inconvenience and loss of business. The Income Tax Office staff while examining the books of merchants took down notes of names of persons with whom or through whom the assessee might be doing business as also of people who might have lent monies to the assessee's firm for fixed periods or on call with the object of assessing such other people to tax. They even went so far as to insist on further details of the transaction and the addresses of such parties with the result that the business secret was exposed, the financial standing of the assessee was injured and people who had their deposits with him took away their deposits and placed them with exchange and other banks. The Committee pointed out that the Bombay Income Tax Committee had emphatically expressed their opinion against any

notes being taken from the assessee's books and they trusted that what was happening now was due to the ignorance of over-zealous assistants who did not correctly appreciate the seriousness of the action above complained of and they felt confident that the undesirable practice above referred to would immediately be discontinued. In reply the Committee were informed that strict orders had already been issued to all officers to put the assessee to the least amount of trouble in the matter of examination of their accounts.

As regards the question of taking down notes the Commissioner of Income Tax drew the attention of the Committee to the Report of All-India Income-tax Committee in the matter who had overruled the recommendations of the Bombay Income-tax Committee. He further stated that the strictest secrecy had been ordered to be observed in the matter. He requested the Committee to give specific instances in which a person was told as to how the Department came to know his income. If any one was found to have transgressed the orders given, he assured the Committee that he would be dealt with duly. This question was also discussed with Mr. A. R. L. Tottenham, Senior Member, Central Board of Revenue, during his recent interview with the Committee.

58. Amalgamation of incomes of husband and wife for Income and Super-Tax purposes:

The opinion of the Chamber was invited by the Central Board of Revenue on the recommendation of the Taxation Enquiry Committee regarding the above proposal. The reasons given by the Taxation Enquiry Committee in support of that proposal were that (i) it would help to check the avoidance of tax by the formation of bogus firms, since a wife was the most convenient form of a bogus partner and (ii) it was only just on general grounds that incomes of married couple living together should be taxed at the rate applicable to the aggregate income which represented their real ability to pay. The Committee in reply on the 15th September 1926 stated that they had carefully considered the proposed amalgamation and thought that the question was beset with great difficulties. The Taxation Enquiry Committee had not sufficiently realised the peculiar conditions of

the Indian society generally and the Hindu society in particular. It had been distinctly laid down in the Hindu Law that nobody else except the woman herself had any right in or the claim over her Stridhan. The recommendation in question, if given effect to, would go against the spirit of the Hindu Law with regard to Stridhan and the Committee were, therefore, of opinion that the suggested amendment of the Law was neither suitable nor susceptible of modification so as to make it suitable to Indian conditions. The Committee, by a hypothetical illustration, showed that the husband or wife would have to bear unnecessary burden if his or her spouse happened to bring some income by way of dividends or interest, etc. Under the circumstances they strongly opposed any amendment proposed to be made on the line suggested by the Taxation Enquiry Committee.

59. Information re: names and addresses of recepients of interest called for by the Income-tax Office :-

The attention of the Committee was drawn by a member to the above practice of the Income-tax Office. The Committee thereupon enquired of the Income-tax authorities under what section of the Indian Income tax Act such an information was being called for and whether such information was called for from all those who took deposits. The Income-tax authorities in reply informed the Committee that for the purpose of deciding the amount of income liable to assessment it was necessary at times to ascertain whether certain interest had been paid as also to judge the genuineness of the entries written up by traders, and others in their interest accounts and for that purpose enquiries were made at times. The Department however did not write such general letters of enquiry to Banks, Companies, firms or private individuals.

60. Information re: commissions of agents and canvassers of Insurance Companies and deduction of Income-tax therefrom :-

The attention of the Committee was drawn by an Insurance Company to the demand of the Income-tax office re: the above

They were requested to do the needful in the matter. The Committee after carefully considering the Insurance Company's request informed them that the information called for by the Income-tax Office had got to be furnished. With regard to their insistence re: deduction of Income-tax from agents and canvasser's commissions and salaries, the Committee informed the Insurance Company that the Income-tax Office as far as they knew did not now insist on the same.

The matter is still under correspondence.

61. Municipal Taxes on Companies in Madras Presidency: (Vide item No. 61 of the Chamber's report for 1925):

In reply to the Committee's letter, the Government of Madras enclosed extracts of clauses 1, 49, 51 and 94 of the Bill to amend the Madras District Municipalities Act, 1920 proposed to be introduced in the Madras Legislative Council which in their opinion would remove the hardships complained of by the Committee. The Committee in reply regretted that they could not agree with the view that the proposed amendment would remove the hardships complained of in their previous letter. They found that the word "income" had not been defined and in the absence of such a definition it would again be open to municipalities to interpret the word to mean sales of business turn-over instead of profits. They therefore suggested that the word "income" should be defined as it had been in the Indian Income Tax Act. The maximum half-yearly tax was proposed to be raised from Rs. 200 to Rs. 470, an increase of 88 percent over the present limit of taxation. It would mean therefore that a company whose half-yearly income exceeded Rs. 25,000 would have to pay Rs. 940 per year as Companies Tax against Rs. 500 under the existing Act which the Committee found was excessive. Clause 1 (3) of Schedule 4 of the proposed Bill stated that the Chairman of Municipality should assign to every company the class appropriate to the half-yearly income which such company derived in or from the municipalty according to the statement submitted by the assessee as was now done for income tax. The Committee were of opinion that some better provision should be made for

ascertaining the income of a company that the opinion of the Chairman of the Municipality whose decisions were liable to be arbitrary. The Committee trusted that their suggestions would meet with favourable consideration by Government of Madras when the Bill came before the Legislative Council.

62. **Abolition of Stamp Duty on Bills of Exchange :**

The Committee on 15th September 1926 addressed the Government of India drawing their attention to the recommendation of the Royal Commission on Indian Currency and Finance in para 116 of their report regarding the abolition of the above duty. They therefore, trusted the Government of India would see their way to give effect to that important recommendation of the Royal Commission at an early date.

63. **Reduction of Stamp Duty on Cheques :**

The Government of Bombay forwarded for the views of the Chamber a copy of a letter from the Government of India on the above subject. It was stated in the Government of India's letter that the figures obtained by them from the Local Governments on account of the Stamp duty obtained from the embossed stamps on cheques had been ascertained to be in the neighbourhood of Rs. 7 lakhs a year. Those figures indicated that the use of cheques in India was still on a relatively small scale and that the Government of India seriously considered whether the rate of stamp duty should not be reduced as suggested by the Hon. Sir Phiroze C. Sethna with the object of popularising the use of cheques and extending banking facilities. In the opinion of the Government the proposal deserved careful consideration. If the reduction of the duty were to result in popularising the cheque system it was possible that it would not in the long run lead to a loss of revenue to the Provincial Governments to whom that revenue belonged. The Committee in reply stated that they would like to see the duty altogether abolished as it came greatly in the way of development of banking habit in the country. They noted from figures given in the Government of India's letter that the revenue derived from

the stamp duty on cheques was very insignificant when compared to the total revenues of each Province and they would, therefore, urge its total abolition as if one anna had been a deterrent to banking habit half an anna would still be a deterrent.

64. Import duty on raw materials used in indigenous industries :—

Duty on Cotton Flocks :

A member of the Chamber brought to the notice of the Committee the system of charging Customs duty on Cotton flocks. He stated that Cotton flocks which was but another name for cotton waste should be passed as duty free just as all sorts of cotton wastes were. These cotton flocks he further stated were used in the gramaphone industry which was a new rising industry. The Committee were requested to bring this matter to the notice of the Customs authorities for their consideration. The Committee in reply informed the member concerned that they could not represent to the Customs authorities as desired by him. They further informed him, however, that a general letter was being addressed to the Government of India regarding the duty on raw materials used in indigenous industries.

The Committee accordingly addressed the Government of India drawing their attention to the above duty and stated that it revealed a defect in the present classification for purposes of the levy of Customs duty. What was called raw cotton had passed through numerous processes employing even machinery and since India was one of the greatest cotton producing countries of the world the object of admitting raw cotton free of duty was more on grounds of principle viz., that the raw material of an industry should be allowed to come in without the imposition of a duty. In the same way they drew the attention of the Government to the duty of 15% on non-ferrus metals generally and particularly on rods, sheets and circles as well. The Indian manufacturer had to pay 15% duty on what constituted the bulk of the cost of the finished article and therefore he was seriously handicapped and did not get even that minimum protection against foreign imports that the ordinary revenue duty would ordinarily

give him and which the Fiscal Commission claimed he would be getting in any case. The Tariff Board for example justified the levy of 25 % on fabricated steel on the principle that a higher price had to be paid by the local manufacturer on its raw material. The Committee added that they could multiply instances of the kind and also give instances when the finished products emanating from a foreign manufacturer were taxed at a lower rate than the rate which the local manufacturer would have to pay on the raw material entering into those products. Under those conditions the Committee requested Government to give a more clear expression of policy on that issue and whenever the practice was not in keeping with such policy to set in motion Departmental machinery for the necessary correction. The Committee were informed by the Government in reply that they had so far back as March 1925 issued a resolution to the effect that certain representations received by them on the above were forwarded to the Tariff Board for enquiry and such recommendations as it thought fit. The Committee thereupon enquired of the Tariff Board whether they had made any summaries or reports of recommendations or they had evolved any general principle from the same and if so to supply them with copies of the same, so that they might take up the matter in the Legislative Assembly through their representative, if necessary.

In reply the Indian Tariff Board enclosed a list of representations made to them by applicants who submitted that the development of certain industries in India was hampered by the fact that the duty on finished articles was much lower than the duty on the materials imported for the manufacture of similar articles in India.

As regards the action taken by themselves on the applications the Tariff Board drew the attention of the Committee to the various reports issued by them on these representations and the resolutions of the Government of India on the same for necessary action.

65. Taxation on Transactions:—

The Government of Bombay forwarded for the opinion of the Chamber a letter from the Government of India regarding different

recommendations of the Taxation Enquiry Committee regarding taxation on transactions etc. The Committee in reply stated that they were pleased to learn that the Government of India had accepted the conclusion of the Taxation Committee that there should be no drastic changes in the Stamp Law. They feared that taxation on transactions etc. in different Provinces was high and the changes hereafter, if any, should therefore be only in the direction of reduction as soon as Provincial finances permitted. Coming to the specific proposals of the Taxation Committee, the Committee objected to their recommendation that registration of limited companies sould be subjected to ad valorem duty assessed on the nominal capital and that if that was done an ad valorem scale should be applied to intruments of partnership based on the capital of the partnerships. As regards stamp duty on instruments of pawn or pledge of moveable property relating to hypothecation of moveables in so far as they were affected by the provisions of the various clauses of the Stamp Act the Committee strongly supported the objection of the Imperial Bank of India that the withdrawal by certain Provincial Governments of the exemption from Stamp duty on the instruments of pawn or pledge of moveable property and hypothecation if unattested under item 6 of the first shedule of the Indian Stamp Act, 1899 had adversely affected the free circulation of money and expansion of trade. The Committee were strongly opposed also to the recommendation of the Taxation Enquiry Committee re; blank transfers etc. as they were calculated to retard the growth of business on the share and stock exchanges. As regards the exclusion from evidence of the Bill of Exchange and Promissory Notes and instruments (other than Bills of exchange and Promissory Notes and Receipts) if they were not duly stamped the Committee agreed with the Taxation Enquiry Committee that the penalty imposed for such an omission under sec. 35 of the Stamp Act was very heavy and that they thought that the provision should cease to apply to the other documents at present covered by it. As regards the rate of stamp duty payable on usance bills of exchange the Committee reiterated their demand for the total abolition of those duties communicated in their previous letter on the subject.

66. Increase in Export Duty on raw hides and skins:—

The Committee were requested by the Southern India Hide and Skin Merchants' Association, Madras, to support their representation to the Government of India re: the increase of 5 percent in the export-duty on raw hides and skins. The Association contended that the tanning industry was the largest industry in the Madras Presidency and it was one of the largest in India. The present 5 percent export duty was not sufficient for the proper development of that indigenous industry. The Committee fully shared the views expressed by that Association and supported its representation and requested the Government of India to increase the Export Duty to 10 percent from five percent.

67. Import duty on Cologne Water Empty Bottles, Corks, etc.

The Committee were requested by the Alembic Chemical Works Co., of Baroda, to support their representation to the Government of Bombay in connection with the Customs duty charged on cologne water empty bottles, etc. It was stated in the representation that the duty paid by the foreign manufacturers was calculated only on the alcoholic contents and quantity of products and not on the value of the products and therefore they had neither to pay the duty on the value of the alcohol nor on the containers, packing materials, etc. On the other hand the Indian manufacturers had to pay the duty on all the containers and packing materials imported from the foreign countries. The Committee strongly supported the representation of the Alembic Chemical Works and urged that the import duty should be levied on the empty bottles containing foreign spirits so as to make conditions equal for the Indian as well as foreign manufacturers.

68. Import duty on Wattle Bark :—

The Committee were requested by the Southern India Hide and Skin Merchants' Association to support its representation to the Government of India re: the removal of the import duty on wattle bark. The Association contended that as the wattle bark - a special

variety of South African tree bark – was largely used in this country for the tanning purposes, the import duty of 15 percent should be abolished so as to give relief to the indigenous tanneries.

The Committee in reply informed the Association that they understood that the Avaram Bark—a similar indigenous tanning material—was largly used all over India for the same purpose. They therefore asked the Association to supply them with necessary information re: production, and consumption of, the Avaram Bark in the tanning industry.

69. Tariff Valuations for Hides & Skins for 1927.

The Director-General of Commercial Intelligence & Statistics, forwarded to the Chamber for opinion the provisional rates for Tariff Valuations for export duty on Hides & Skins. The Committee after consulting the interested merchants informed him of the changes suggested by them in the same.

70. Difference between Indian and Singapore Pepper for Customs purposes.

The Committee were informed by the Collector of Customs, Bombay, that there was no real ascertainable difference between Indian and Singapore Pepper and that if at all there was any it was such that could not be seen by the eye of any one who was not a real expert in the line. He had therefore come to the conclusion that Pepper was an article incapable of easy identification for purposes of drawback or from re-importation and no claims would therefore be admitted on that article. The Committee replied on the 25th August 1926 stating that on enquiries they found that there was real ascertainable difference between Indian and Singapore Pepper. Local merchants dealing in that article were able to recognise the difference. They, therefore, thought that it was not fair to reject claims of drawback or free re-importation. They trusted that the Collector of Customs would kindly see his way to revoke the order issued in that behalf. In reply the Committee were informed that there was no distinction between the two kinds of pepper sufficiently clear to justify the removal of pepper from the list of articles

which were not capable of easy identification for the purpose of drawback or free reimportation.

(E) PUBLIC ENQUIRY COMMITTEES AND COMMISSIONS.

71. Appointment of an Indian businessman on the Railway Workshop Committee.

The attention of the Committee was drawn to the extreme desirability of having an Indian businessman on the Committee recently appointed by the Government of India to enquire into the facilities of workshops for repairs of locomotive and rolling stock. They thereupon addressed the Railway Board to the effect that they were sorry to note that no businessman was appointed on such a Committee which would be largely concerned with questions of finance and business. They pointed out that a Committee which was appointed by the Army Department at the time of the Inchcape enquiry and which was known as the Braithewaite Committee had got almost analogous functions to the Workshop Committee. There was a businessman on that Committee and the precedent showed the necessity for having an Indian businessman on the new Committee and they trusted that Government of India would be pleased to accept the suggestion to appoint a businessman on the same.

In reply to the Committee's letter the Railway Board stated that the suggestion to appoint a commercial man on the above Committee was carefully considered when the same was formed but the Government of India came to the conclusion that his presence on so technical a Committee would serve no useful purpose. They intended, however, to publish for general information the report of that Committee as soon as it was received and that would enable the Chamber to make any representations which might seem to them to be desirable on the recommendations of that Committee. The Committee thereupon again wrote to the Railway Board stating that they still believed that the presence of such a businessman would have been a help rather than a hindrance to that Committee. They further stated that they would be glad if the Government would send a few copies of the above report for their consideration.

72. Recommendations of the Indian Economic Enquiry Committee : –

The Committee's views were invited on the majority and minority recommendations of the Indian Economic Enquiry Committee by the Government of Bombay. In reply they informed the Government that they would welcome any strengthening of the Department of statistics of the Government of India with a view that the work which was being done now, should be expanded for compilation and dissemination of useful statistics. They, however, could not agree with the network of bureaucratic organization which was proposed for the collection of miscellaneous statistics on income, wealth, cost of living, indebtedness, wages and prices. Statistics in themselves would not constitute " a survey of the entire economic fabric of the country." The Committee were unable to give their support to outlay on the mere collection of statistics on the scale suggested. On financial grounds as well as on other grounds they therefore asked the Government not to go at present beyond strengthening the Statistics Department of the Central Government.

73. Indian Tariff Board (Cotton Textile Industry Enquiry) :—

The Committee of the Chamber having been invited to give their opinion on the condition of the Indian Textile Industry by the newly appointed Indian Tariff Board, submitted an exhaustive written statement stating that the most important cause of the present very severe depression in the Cotton Mill Industry was to be found in the Exchange manipulations by the Government during the past few years. They pointed out that the deflation of currency had been repeatedly attempted, money market made tight and consequently the holding power of both the manufacturers and dealers had been severely reduced and the purchasing power of the ryot had been considerably affected. This had in its turn created falling markets, losses to merchants and serious curtailment thereby of the capital at their command and to that extent reduced the quantities of goods they ordinarily had in stock for their business. They further emhpasised the fact that this position had been made worse by the competition of countries whose currency had seriously depreciated.

The Committee therefore considered that the remedies needed were a stopping of the manipulation of the Indian Exchange and suitable means to counter-act the unfair competition of countries with depreciated currencies. As regards the remedial measures suggested by the Bombay Millowners' Association, the Committee emphasised that the most essential step was such protection to local industries as would off-set the practical bounty given to foreign competitors by the Indian Rupee being placed at 1*s.* 6*d.* instead of the pre-war rate of 1*s.* 4*d.* They further considered it essential that a duty to the extent of the advantage that depreciated currency gave to the goods imported from such countries should also be imposed. They also considered most of the other suggestions of the Millowners' Association worthy of sympathetic consideration by the Tariff Board. They did not attach much importance, however, to the removal of customs duty on machinery and millstores, because in their opinion it would not bring any appreciable relief to the industry. The Committee were opposed to any export duty on cotton. They did not fear any check on consumption from the increased import duty because no such check was apparent when the duty had been successively raised from 5 to 7½ per cent. and then to 11 per cent.

Mr. Lalji Naranji, President of the Chamber and Mr. Walchand Hirachand were nominated by the Committee to give oral evidence before the Board on behalf of the Chamber.

74. Chamber's representative on the Advisory Committee re : development of Industries Department of Bombay :—

The Committee were asked by the Government of Bombay to nominate one representative on the above Committee and they accordingly nominated the Hon. Mr. Manmohandas Ramji as their representative on the same.

75. Appointment of a Committee re : Back Bay Reclamation Scheme by the Government of India :—

The Committee were informed by the Government of Bombay that the Government of India had appointed a Committee to enquire

into the whole question. The Committee in reply drew the attention of the Government of Bombay to the resolutions passed at the public meeting held under the auspices of the Chamber some time back on the subject. They further enquired of the Government whether the Committee of Engineers appointed by them had reported, and if so requested them to supply them with copies of the same.

The Committee afterwards submitted an exhaustive written statement to the Back Bay Reclamation Enquiry Committee, Government of India, giving the history of the origin of the Reclamation Scheme and the Chamber's continuous protests against the operations of the Scheme and the methods by which the Development Department, was worked. They further stated that Mr. Manu Subedar, the Chamber's representative on the Advisory Committee of the Development Department, was largely instrumental in exposing the whole muddle with regard to the same. The Committee showed how financially the scheme had ruined the Presidency and the probable further loss, the Presidency would have to incur, if the scheme were pushed on without proper investigation into the financial aspects of the scheme. They in conclusion strongly felt that the Government of India could not lightly absolve themselves of all responsibility in this sad embroglio. If they had not lightly permitted or overlooked the breach of constitution and safeguards and if they had insisted on the matter being submitted when the original estimates were found 100 per cent too low the scheme would have been thrown overboard at a very much earlier stage and the loss to the taxpayer of the Presidency would have stopped at a far smaller sum than they were faced now with. They therefore considered that the least that the Government of India could do was to advance the sum now estimated to be definitely lost as a loan to this Presidency without interest repayable in, say, 60 years. Mr. Lalji Naranji, M. L. C., President of Chamber gave oral evidence before the Enquiry Committee on behalf of the Chamber.

76. Jail Industries Committee : Government of Bombay : The Committee of the Chamber were invited by the Jail Industri-

Committee appointed by the Government of Bombay to give their views on the position of Jail industries in this Province with special reference to a proposal to introduce power-driven machinery in one of their Jails. The Government stated that the object of that proposal was two-fold: first, to teach long-term convicts a trade so that they may be able to earn a livelihood on release, and secondly, to supply Government Departments as far as possible with articles they required specially textile. The Committee submitted a written statement on the 28th August 1926 in which they stated that they were in agreement with the Indian Industrial Commission in thinking that in jail industries only manual labour should be allowed. They considered the establishment of power factories inside jails and employment of extensive machinery as undesirable. In this connection, they drew the attention of the Jail Industries Committee to the views of the Industrial Commission of 1918 and the views of the Committee as expressed in their answers to questions Nos. 18735 to 18875 of the Jails Enquiry Committee. They now endorsed all that had been said by them previously in reply to the Jails Enquiry Committee. The Committee in conclusion observed that only manual labour should be allowed in jail industries and for such a purpose hand-spinning, hand-weaving, hand-bleaching and dyeing, toy-making and also carpentry, smithy, masonry etc., should be the principal vocations for the convict labour. They nominated Mr. Kisondas Manmohandas Ramji to represent the Chamber before the Jail Industries Committee for purposes of oral evidence.

(F) TRADE AND INDUSTRIAL LEGISLATION.

77. Proposed amendments of the Indian Limitation Act:—

A letter was received from the Government of Bombay with the Government resolution on the above amendments and a circular letter from the Government of India to all the Local Governments and Administrations on the same. It was stated in the Government of India's circular letter that the Civil Justice Committee recommended in para 16, Chapter 41 of their report that Articles 133 and 134 of the First Schedule of the Act should be revised with reference

to the recent decisions and that in particular the alienation of property vested in the head of religious institutions should be specifically provided for. The two recommendations of the Civil Justice Committee were (1) that it should be made clear whether articles 133 and 134 meant what they said viz, that limitation ran from the date of purchase or transfer as the case might be and that the date for obtaining possession was immaterial; and (2) that Section 10 of the Act should be amended so as to put Hindu and Mahomedan religious endowments on the same footing as other trust funds which definitely vested in a trustee. The Committee in reply informed the Government of Bombay that they understood that at present there seemed to be some confusion as to the meaning of the word date of purchase and date of transfer in the articles above mentioned and the precise time from which limitation began to run. As the proposed amendments made it clear that limitation ran from the date of purchase or transfer they had no objection to the same, as they would, in their opinion clarify the law and save a good deal of unnecessary litigation.

78. Indian Bar Councils Bill:

The Committee addressed the Government of India drawing their attention to the Bill introduced in the Indian Legislature. They stated that they had been taking a good deal of interest in the question, since long and addressed the Indian Bar Committee on the 11th January 1924 strongly recommending the removal of the bar which existed at present against pleaders practising on the Original side of the High Courts. They regretted to note that though the Bill professed to carry out the recommendations of the Bar Committee failed practically to do so and would leave untouched the present unfair and unjust limitation debarring the pleaders from appearing on the Original side of the High Courts. The Bill, in their opinion, virtually maintained intact the existing water-tight compartments of different classes of practitioners in the High Courts of Bombay and Calcutta and it provided for distinction between advocates entitled to appear on the Original Side and advocates not so entitled. They therefore suggested that the following changes should be made in the different clauses of the Bill :—

Sec. 4 :—Clause 3 of this section should be omitted. In the opinion of the Committee there should be only one grade of practitioners in every High Court.

Sec. 6 :— (1) (a). Instead of sub-sections (2) & (3) the expression "sub-section (2)" should be inserted.

Sec. 8 :— The words "any attorney of the High Court" in the proviso should be omitted. (2). Sub-section (2) of this section should be re-drafted as only one class of practitioners of the High Courts was desirable.

Sec. 14. The proviso to this section should be deleted altogether.

The Committee also suggested that clause (d) of the section 2 of the Statement of the Objects and Reasons should be deleted.

79. Indian Bar Councils Bill :—Seniority or precedence amongst Advocates.

The Government of Bombay forwarded for the opinion of the Chamber a report of the select Committee together with a copy of the Bill as amended by them and a Bill as passed by the Legislative Assembly and amended by the Council of State on the above subject. It appeared from the papers above-mentioned, that sub-clauses (3) and (4) of Clause 8 of the Bill as amended by the Select Committee dealing with seniority and precedence among advocates were omitted from the Bill on the understanding that they would be circulated for opinion. The Committee in reply stated that the subject referred to them was essentially pertaining to legal profession and as such they had no views to offer on the same.

80. Trade Marks Registration in India.

A letter was received from the Director of Industries, United Provinces, stating that the want of legislation for registration of Trade Marks in India had been felt by manufacturers and trade mark owners in that province as in other Provinces. The Government of the United Provinces enquired of him whether such an act should include cotton marks or not. The views of the Chamber were invited on that point,

The Committee in reply stated that the question of Trade Marks Registration was upto 1909 a hardy annual. The British Associated Chambers of Commerce continuously insisted upon the Secretary of State to pass such a legislation in India which was opposed by the Chambers of Commerce in India. In 1909 the Indian Merchants' Chamber also informed the Government that is was altogetner undesirable to agree to the suggestion of the British Chambers of Commerce, highly prejudicial as it would be to Indian industries. But the Committee had now reconsidered the whole question and come to the conclusion that in view of the great development of manufatures in India since 1905-10 it was desirable in the intrest of trade and industries to have legislation for registration of trade marks regulations in the country. The Committee further observed that recently the difficulties experienced by one firm in Greece in regard to Trade Marks legislation were brought to their notice. They thereupon addressed the Government of India in the matter and were informed that as India was not a signatory to the Industrial Property Convention, Indian firm or companies established outside Greece had no treaty rights entitling them to register trade marks in that country. In view of that, the Committee thought of addressing the Government of India on the subject and hoped that their views would be supported by other Chambers of Commerce also. The Director of Industries again enquired whether the proposed Trade Marks Registration Act should or should not include cotton marks. The Committee replied that it should include cotton trade marks.

81. Amendment of the Negotiable Instruments Act, 1881.

A letter was received from the Government of Bombay with a copy of the Government of India's letter to them and a draft Bill to amend section 13 of the Negotiable Instruments Act in order that the negotiability of bearer bills, hundis and cheques might only be restricted by endorsement on face thereof and not by endorsement on the reverse inviting the views of the Chamber thereon. The Committee in reply informed the Government that they did not want to add anything to their previous letter dated 14th August 1925 to them on the subject.

82. Indian Arbitration Bill.

The opinion of the Chamber was invited by the Government of Bombay on the Indian Arbitration Bill introduced by Mr. Harchandrai Vishindas in the Indian Legisiative Assembly in February last. It was stated in the statement of objects and reasons of the Bill that the Bill intended to amend and consolidate the law relating to arbitration in British India. The present Arbitration Act came into force in July 1899, most of its provisions being borrowed from the English Act of 1889. The English Arbitration Act was however a consolidated act containing provisons both as to the arbitration through and outside the Courts, while the Indian Act confined itself to submissions and awards made without the intervention of Court and working only in certain Presidency towns and other special local areas. The need for the present piece of legislation had been accentuated now that the dilatoriness of justice in Civil Courts had become so intolerable as to necessitate the appointment of the Civil Justice Committee. All the more imperative therefore it became that the arbitration law which provided for the speedy and cheapest means of administering justice should be based on a sound basis purged of all errors and drawbaks which quarter of a century working had brought to light, and that its scattered provisions were brought into a consolidated whole. Difficulties felt owing to the absence of provisions relating to appeals and in construing section 13—15 of the Act had been overcome. The Committee in reply showed their sympathy with the object sought to be achieved. In their opinion one uniform Act applying to all India and embracing the whole as to both private arbitration as well as arbitration through Courts would be the most suitable as it would simplyfy references by arbitrators as well as litigants. They were further of opinion that the whole question should be taken by the Government at an early date and a more comprehensive Bill introduced by themselves. The various recommendations of the Civil Justice Committee might also be advantageously dealt with on that occassian and incorporated in the Bill if found proper and suitable. As for the alterations from or additions to the present law suggested by the Bill, the Committee would summarise their views as follows :

In case of Clause 3 the change contemplated seemed to be drastic because there was no reason why other grounds besides that of fraud could not be permitted to be urged with a view to set aside the awards as at present. Misconduct of an arbitrator such as wrong fully refusing to examine witnesses or where he had, known to one or more parties an interest in the result of the award; or he had committeed serious errors of fact or of law which was clear on the face of the award or if the award was not definite and final etc., were some of the grounds among many others on which it should be open to the agrieved party to come to the Court to get the same set aside. The experience of those in the Presidency towns where the present Arbitration Act had been working was that the Courts as a rule discountenanced faked up petitions and the tendency always was to strongly support the awards of the arbitrators unless something radical was brought to light, They therefore believed that the Clause such as the one proposed was likely to do mere harm than good. They had nothing to say with regard to the other Clauses.

83. **Proposed amendment in the Indian Contract Act:—**

The Chamber's opinion was invited by the Government of Bombay on the recommendation of the Civil Justice Committee with regard to the Champertous agreements and the desirability of amending the Indian Contract Act 1872, to the effect that whenever an agreement was made by which a a financier secured undue advantage to himself by assistance given to the successful party in litigation it should be open to that party to avoid the agreement by suit on condition that he refunded the actual consideration with interest at a reasonable rate and that in no circumstance should the financier be allowed to obtain the title to the property in suit if the plaintiff was prepared to pay what the Court considered to be a sufficient sum and that the rule should be amended so as to empower Courts in all cases in which an element of champerty or maintenance was proved, to award in the end costs on a special scale approximating to the actual cost reasonably incurred by the

defendant and to demand security for the estimated amount of such costs or such proportion thereof from time to time during the progress of the suit, the Court might think just. The Committee replied on 7th July 1926 stating that they approved of the proposed amendment as suggested by the Civil Justice Committee.

84. Amendment of Indian Factories Act.

The Government of Bombay invited the opinion of the Chamber on the Bill of the Government of India to amend the Indian Factories Act regarding the maintenance of reasonable temperature in every factory. The Committee in reply stated that as the subject in question was of a technical nature they were not in a position to express any opinion on the same.

85. Amendment of Civil Procedure Code :

The Government of Bombay invited the Chamber's opinion on the Bill to amend the Civil Procedure Code for the protection of the interests of respondents in second appeals in the matter of recouping their costs. In order to secure this end the Civil Justice Committee recommended that the appellants should deposit in Court by way of security in every second appeal to the High Court, for respondents' costs in cash or Government Promissory Notes a difinite sum being the amount of any costs awarded against them in the lower Courts plus the amount at which the respondents would tax pleader's fees under the High Court Rules. The Committee in reply stated that the chances of such cases were very remote as the Judge who admitted the appeal would only allow it if he thought that there was a good case. They thought that the Bill in question would hit hard the poor appellants who might have suffered injustice. There was no wholesome provision in the Bill under discussion for remedying that particular hardship of poor people who would never be able to lodge the second appeals, however, strong and

just their cases might be according to the Bill under discussion. It was tantamount, in their opinion, to penalising the poor people. The Committee therefore, strongly objected to the proposed amendment.

86. **Prompt payment of wages :**

The Director of Information and Labour, Bombay, forwarded for opinion the proposal of the Government of India to restrict undue delay in the payment of wages. The proposal was to legislate, subject to certain exceptions for the payment of monthly wages within one week of the close of the month, fortnightly wages within 4 days, weekly wages within 2 days and daily wages within one day. It was further proposed to empower factory inspectors to prosecute defaulters. The Committee in reply stated that looking to the method of working in the mills and factories, the delay of a few days in the matter of payment of wages could not be considered unreasonable. Calculation of wages etc., in the cotton textile industry were very elaborate, rendering it thereby rather difficult to pay wages more promptly than was being done at present. The Committee therefore thought that there was no justification for any action being taken in the matter.

87. **Deductions from wages or payments in respect of fines :**

The Committee were informed by the Director of Information and Labour, Bombay, that the Government of India wished to obtain information on the extent of the practice in India by which employers in industrial concerns were empowered to inflict fines upon their workmen. They expressed the desire that the Local Governments after consulting the interests concerned should favour them with their views, on the desirability of taking any action, legislative or otherwise to counteract any abuses which might be found to prevail. The Director of Infor-

mation and Labour forwarded a questionnaire prepared by him in this connection and invited the Chamber's opinion thereon. The Committee in reply stated that the enquiry contemplated in the draft questionnaire was not necessary in their opinion; if, however, the questionnaire was to be sent round to different factories, the information asked for in Groups II & III which had nothing to do either directly or indirectly with the question of deduction of fines should be deleted altogether from the Schedule thereto.

(G) GENERAL TRADE, AND INDUSTRY.

88. Cotton shipments to Shanghai:

A letter was received from the Bombay Millowner's Association enclosing a copy addressed by the Japan Cotton Spinners' Association to exporters of cotton from India. The Association stated that as an organised attempt was being made by the Japanese to dictate terms to shippers of Indian cotton to Shanghai, the trading interests concerned should strongly oppose the Move on their part. They therefore enquired of the Chamber whether the Committee would like to take any action in the matter and take part in a proposed joint meeting of the representatives of the Bombay Chamber, East India Cotton Association and the Millowner's Association. The Committee requested the Association to inform them as to the exact reasons for taking concerted action in the matter. They further asked the Association to supply them with a draft of any representation that they proposed to make on the subject which would be helpful to the Committee in deciding what action they could usefully take on it.

89. Proposed limitation of letters in code words.

A letter was received from the Director General of Posts and telegraphs with an extract from the International Telegraphic Convention of St. Peter'sburg and the International

Telegraphic regulations, Lisbon Revision, 1908, regarding several proposals defining code language, and inviting the opinion of the Chamber on the same. The Committee stated that they had carefully considered the proposed change of rules by which each word of five letters would be charged as one word. They pointed out that if a word of five letters had to be charged at the present rate it would mean that senders would have to pay double that of what they were now paying for their telegrams and such a thing would meet with strongest objection from the commercial community. On the other hand if that was halved the new charge would compare unfavourably with that of the present deferred plain language telegram. The Committee considered that last consideration would not be of great importance to commercial men because the bulk of their telegrams would be in code words and not in plain language and therefore if the rate was halved for a five letter word they thought there would be no serious objection from the commercial community.

90. Trade Mark regulations in Athens (Greece) :

A letter was received from a member of the Chamber drawing the attention of the Committee to difficulties experienced by the member's agents in Athens regarding trade Mark regulations there. The agents of the member in Greece were asked by the Greek authorities to produce certificates to the effect that the trade marks they used were properly certified by the authorities in India. As there was no law for registration of such trade marks in India they experienced considerable difficulties in Greece. The Greek authorities further informed the agents there that a convention was entered upon by them in Great Britain regarding Trade Marks registration to which India was not a party. The member informed the Committee that recently a new convention was to be agreed upon by count-

ries in this connection and requested them to move the Government of India in the matter as the commercial interests were greatly involved therein. The Committee thereupon addressed the Government of India drawing their attention to the above difficulties and enquired of them whether it was correct that India was not signatory to the said convention, and, if so, whether they would join in the fresh convention to be shortly agreed upon by different countries. The matter is still under correspondence.

81. Increase in fire insurance rates for Mulji Jetha Cloth Market shops :—

At the request of a member of the Chamber, the Committee addressed the Bombay Fire Insurance Association to the effect that their attention had been drawn to the fact that the fire Insurance tariff for the Mulji Jetha Cloth Market shops had gone up from 1 per cent. which was the pre-war rate to about 2½ per cent, at present. It was argued when the rate was enhanced that the increase was due to the different shop structures in the Market not being fireproof. A large number of these shops, they now understood, had been after the last fire in the market, made fireproof, and it therefore appeared to them to be reasonable that the insurance tariff should now be lowered. In reply the Committee were informed by the Association that they regretted that unless structural alterations which had been more than once detailed to the owners of the buildings were made, no reduction in rates was possible. They further stated that the so-called fireproof section of the market was in open communication with the old section and therefore constituted a risk for rating purposes.

92. Proposed new rules and regulations of the Native Share and Stock Brokers' Association :—

The opinion of the Chamber was invited by the Government

of Bombay on the above rules published in the Bombay Government Gazette dated 20th January 1926. The Committee in forwarding their views stated that as usual in such matters objections to the rules were not likely to come in from members till sometime after they have been in operation. In view of that and adhering generally to the principle indicated in their previous letter of minimum interference with the internal working of any association of trade they did not desire to criticise in minute details the 404 rules of the Stock Exchange. They would however draw attention to the absence of any rule covering the minority recommendations of the Atlay Committee Report. The subject matter of the original rule o. 26 had been, they found, cleverly transposed and broken up in several parts covered partly by rule No. 83 (B) and by rules 367 and 385. They had expressed themselves unequivocally in the past against the desirability of any restrictions on trade and arbitrary fixation of prices and in arbitrary closing of the market to certain scrips. The majority report of the Atlay Committee definitely laid down that unwise Bears ought to learn the lesson by experience and should not be protected. In conclusion they would say that the drafting of the rules now published left a good deal to be desired and Government could do well to get a proper rule drafted through their Legislative Department on that subject if the policy of the Board of the Stock Exchange was not relinquished the powers which existing rules had given them hitherto and against which the public had made legitimate complaints.

Again the Government of Bombay forwarded to the Chamber a copy of the revised draft rules of the Native Share and Stock Brokers' Association for their opinion. The Committee in reply on the 7th July 1926 wrote to the Government of Bombay drawing their attention to their previous letter of the 10th

February 1926 on the same. They stated that they were sorry to find that their suggestion regarding keeping proper accounts in ink had not found a place in the revised draft rules of the Association. The Committee drew pointed attention of the Government to the fact that the subject matter of the original Rule No. 26 dealing with "corneres" had been cleverly transposed and broken up in several parts. The revised draft rules had not only not removed their complaint but made the position, in their opinion, worse. They feared that the revised draft rules would intensify the evils which were in vogue when the old Rule No. 26 was in operation and to remove which was one of the main considerations of the Atlay Committee. They therefore strongly suggested that all the rules dealing with "Corners" in the end of the series of rules should be eliminated altogether. As regards eligibility of a non-Indian for admission to the Association they suggested that the applicant should have, prior to his application for admission, a domicile of at least 10 years and should have served with a recognised broker for the same period.

93. **Draft International Agreement regarding suppression of Imports and Exports prohibitions and restrictions :—**

A letter, with a circular letter dated 14th October, 1925 from the Secretary General to the League of Nations and draft articles on the above agreement was received from the Government of Bombay inviting the opinion of the Chamber thereon. It was stated in the circular letter of the League of Nations that on the 29th September 1924 some Governments had adopted the resolution relating to abolition of imports and exports prohibitions and restrictions obtaining in their countries. The Economic Committee of the League hoped that the Governments concerned would see their way to proceed with the neces-

sary consultations and would forward to the Committee the view of the principal interested organisations adding at the same time whatever observations and criticism they might wish to make. The draft articles were regarding the abolition of imports and exports prohibitions and restrictions except certain classes of prohibitions and restrictions e.g., prohibitions or restrictions for national defence, public safety or order, on grounds of public health, moral or humanitarian reasons, protection of national treasure of artistic, historical or archœological values, protection of industrial, literary and artistic properties, preventing unfair competition in regard to trade mark or appellation of origin, etc. The Committee in reply informed the Government of Bombay that on careful consideration they came to the conclusion that India should not join in a convention on the lines of the draft articles contained in the memorandum. They had been compelled to come to that conclusion from the experience of the way in which different countries had treated their obligations under the Washington Labour Conference and the utter helplessness of India to making such countries to carry out such obligation or of the League of Nation to bring such countries into line. In view of that experience the Committee thought it superfluous for India to join in any other similar common action, viz., the one now proposed for the above question.

94. Recommendations of the Economic Enquiry Committee regarding incorporation of information regarding dividends declared by Companies in annual reports of Joint Stock Companies.

The opinion of the Chamber was invited by the Government of Bombay on the question. The Committee in reply stated that they had no objection in the same being given effect to.

95. Java Sugar Standard :—

The attention of the Committee was drawn by the Director General of Commercial Intelligence and Statistics to certain difficulties experienced in acertaining the standard of new crop of Java Sugar for customs purposes. He suggested that from 1st July should be applied, for Java Sugar new standard for purposes of Customs. The opinion of the Committee was invited thereon. The Committee informed him that they had no objection to the proposal.

96. Employers' Delegate at the 8th and 9th sections of the International Labour Conference to be held at Geneva :...(Vide item No. 104 of the Chamber's Annual report for 1925).

The Committee sent a telegram on the 3rd March to the Government of India re-emphasising what they had formerly observed regarding representation of employers at the 8th and 9th sessions of the International Labour Conference to be held at Geneva. They stated that Indian commercial opinion demanded the appointment of an Indian to represent mercantile marine interests. On the 18th March they sent another telegram to the Government of India protesting against nomination of a non-Indian to represent interests of employers at the above sessions and at nomination of a non-Indian even as an adviser to him. They strongly felt that such nomination was in direct violation of the spirit of the constitution of the Labour Conference and the spirit of resolutions passed by the Indian Legislature and also in contravention of the recent promise given by the Under Secretary of State for India in the House of Commons.

The Committee also sent an exhaustive representation to the Officers of the 9th Session of the International Labour Conference regarding the non-representative character of the

British Chambers of Commerce in India on whose recommendation the appointment of Sir Arthur Froom by the Government of India was made as employers' delegate to that session. It was further stated that the membership of the different Indian Chambers of Commerce and Millowners' Associations was much larger than that of British Chambers of Commerce in India and as such also the latter should not be regarded as representative of Indian interests. The Committee submitted, therefore, that only the Indian Chambers of Commerce and Industrial organisations should be consulted with regard to the question of sending delegates to International Labour Conferences and not non-Indian bodies that largely, if not mainly, represented non-Indian interests. They recommended the nomination of Mr. Narottam Morarji as employers' delegate who was the Chairman of the Scindia Steam Navigation Company and they had reasons to believe that his nomination was also supported by almost all the Indian Chambers of Commeree and commercial organisations. Notwithstanding that the Government nominated the Hon. Sir Arthur Froom as delegate of employers on the ground presumably that his nomination was recommended by British Chambers of Commerce which as the Committee had already stated above, had or should have no 'locus standi'. They further pointed out that to allow such a representation of British interests to act on behalf of India for the International Labour Conference amounted to an over-representation of British shipping interests at the expense of India and the great disadvantage of other maritime countries participating in the Conference. In view of all the above the Committee submitted that the nomination of Sir Arthur Froom by the Government of India as the representative of employers of India should not be recognised by the Conference. Mr. S. N. Haji was empowered to personally lodge the protest before the

Credentials Committee of the International Labour Conference at Geneva.

Afterwards the attention of the Committe was drawn to a report appearing in the local press of an alleged statement made by Sir Luis Kershaw, the Government of India's Delegate before the Credentials Committee of the 8th session of the International Labour Conference on behalf of the Government to the effect that the Bengal and the Bombay Chambers of Commerce were the only most representative organisations in India and the Government were justified in appointing Sir Arthur Froom as employers' Delegate on their recommendation. The Committee thereupon sent a telegram, to the Officers of the 9th session of the International Labour Conference, Geneva, protesting against the alleged statement of the Government of India's delegate at the 8th session of the Labour Conference, pointing out that the two Chambers named represented mainly European interest and not Indian interests. In this connection the Committee also drew the attention of the Officers of the Conference to their previous letter.

The Committee also sent a telegram to the Government of India drawing their attention to the above statement of Sir Lius Kershaw and enquired whether that was authorised by them and whether Government identified themselves with their delegate'e views; if not, the Committee enquired of the Government what steps they proposed to take to correct such a wholly erroneous and misleading statement.

97. 10th Session of the International Labour Conference ;

The Committee addressed the Government of India, Department of Industries and Labour, on 18th September 1926 regarding the nomination of the Indian Employers' Delegate to the 10th session of the International Labour Conference, They strongly recommended Mr. G. D. Birla of Messrs. Birla

Brothers, Ltd, President of the Indian Chamber of Commerce Calcutta, as Employers' Delegate for the Conference.

98. Proposed commercial cable service by the East India Cotton Association.

The East India Cotton Association informed the Committee that a Sub-Committee of their board was formed to go into the details of the establishment of the above cable service in view of the fact that Reuters, Ltd., had greatly increased their charges for the same. The Committee were requested to send their representatives on it. They thereupon nominated Messrs. B. F. Madon and Mathradas Vassanji Khimji as their representatives. Afterwards a report of that Sub-Committee was received in which was stated that the East India Cotton Association would start its own Commercial Cable Service for the benefit of its members.

99. Import of cotton and cotton seeds from Persia into Kathiawar Ports.

The attention of the Committee was drawn by the Indian Central Cotton Committee to the above imports in Kathiawar and they were requested to furnish the Cotton Committee with any information they might possess on the same. The Committee informed that body in reply that annually Kapas of different kinds from Persia was imported at Porbandar to the extent of 2 to 3 thousand bales during October and November.

100. International Congress re: Bribery and its Prevention.

The Chamber was asked by the Hon. Secretaries of the above Congress to join the movement and to send their representatives to the forthcoming session of the Congress to be held at London in June. The Committee nominated Sir Purshotamdas Thakurdas Kt,. and the Honorable Sir Phiroze C. Sethna, as their representatives for the session.

101. Indian Industrial & Commercial Congress:—

The Third Session of the Indian Industrial & Commercial Congress was held under the auspices of this Chamber under the Presidentship of Lala Harkishanlal at Delhi on the 19th and 20th February 1926. The Honourable Sir Phiroze C. Sethna was the Chairman of the Reception Committee. Resolutions regarding trade, commerce and industries were passed.

The fourth session of this Congress was held at Calcutta on 31st December 1926 and 1st and 2nd January 1927 under the Presidentship of Sir Dinshaw M. Petit, Bart. The Committee had forwarded certain resolutions to be moved at that session.

102. Federation of Indian Chambers of Commerce.

The draft constitution of the above Federation prepared by the special Sub-Committee appointed by the Third Session of the Indian Industrial and Commercial Congress held at Delhi was considered by the Committee and was generally approved.

103. Department of Chemical Analyser to Government of Bombay (Vide item No. 86 of the Chamber's Report for 1925) :—

In reply to the Committee's previous letter on the above the Government of Bombay stated that the matter was under discussion with the several officers concerned. Meanwhile they were informed that in some of the institutions particularly referred to in the Committee's letter private work was very small in quantity. As regards the Chemical Analyser's Department, Government informed the Committee that the statement that it had created a new practice of conducting surveys and valuations of commercial and economic products at mines, warehouses, docks, railway yards and outside Bombay for internal

as well as imports and exports trade was not correct. Instructions were however being issued to Departments concerned that no Government stationery should be used while giving certificates as to the result of analysis made privately. The Government asked the Committee what should be the scale of fees for carrying on such analysis and enquired whether there were sufficient number of analysts of adequate knowledge and experience to do the work if private practice by Government analysts were restricted. The Committee in reply expressed their surprise at the ignorance of the Government about conducting of surveys, valuations etc. by the Government Chemical Analyer's Department. They drew the Government's attention to the practice of the Bombay High Court to attach much importance and weight to the certificates given by and the evidence of the Government Chemist. Such a practice, in the opinion of the Committee, was highly prejudical to the interests of private chemists. They further observed that they not only objected to the high fees charged by the Government officers but protested against the very principle of private practice by the Government officers. They, therefore, could not suggest any scales of fees for such work and informed the Government that there were six private analysts of adequate knowledge and experience to do analytical work and if the Government put a stop to the acceptance of private practice by the Government Chemical Analysers, the Committee were sure that there would be a sufficiently large number of private laboratories to undertake commercial and analytical work for the public.

104. Proposed Insured Box Service between India, Great Britain and Northern Ireland:—

A letter was received from the Director General of Posts and Telegraphs stating that it was proposed to establish an Insured Box Service between India, Great Britain and Northern Ireland so as to provide facilities for the transmission of articles of gold, silver, precious stones, jewellery

and other articles which might not be transmitted by insured letter, that under the rules at present in force such goods might be sent by registered letter provided that they were insured against loss during transit in India, but in case of loss beyond India the Post Office only paid an indemnity of Rs. 30. The Committee in reply stated that the insurance rate proposed to be charged was almost double of what was charged by insurance companies. Those Companies charged 3/32 percent. which covered the article for all risks from the office of the sender to that of the addressee. The Post Office on the contrary charged 5 annas for £12 which came to 3/16 percent. The limit of weight for a parcel was proposed to be 2 lbs. whith was absurdly low when they remembered that the limit for a letter to the countries was 4 lbs. 6 oz. The limit of the size for a parcel was 10 x 4 x 4, which was also much lower than for a letter for which the limit was 18 x 18 x 18. The Committee placed these figures before the Director of Posts and Telegraphs with the hope that he would examine them and make suitable changes in the proposed legislation for the Insured Box Service. They also pointed out that the proposed service should not be compulsory as had recently been made in the case of gold bullion and coins (inland) but should be voluntary with the sender either to transmit those articles as he was doing now or to take advantage of the new service.

105. **Security deposits from Indian Insurance Companies:**

The attention of the Committee was drawn by a member to the practice of certain Banks in Bombay to demand a deposit of an equivalent amount before accepting Indian policies. The Committee were requested to address particularly the Imperial Bank on this subject. The Committee thereupon enquired of the Imperial Bank whether the practice in question was resorted to by them and if so the Committee felt that it was tantamount to penalising Indian companies and making business by them

impossible and what were the reasons which had led to the adoption of such a practice. The Committee were informed that the necessity or otherwise of taking security deposits or a banker's guarantee from a fire insurance company before its policies were accepted depended entirely on the strength of the companies' resources and applied equally to English and Indian companies. If such securities were required the amount acceptable on any one risk was not necessarily limited to the amount of security or guarantee. The Committee were also informed that several Indian fire insurance companies figured on their list from whom no security deposit or guarantee was required and that a large number of British and other companies had been required to furnish security or guarantee. The Committee again enquired of the Bank whether the said practice was old or was recently adopted. The Bank replied that it was an old established one and had been in vogue in that Bank since its inception.

106. **Supply of information regarding dividends of Non-residents by Principal Officer of a Company:—**

The Central Board of Revenue invited the opinion of the Chamber on the question as to what should be the minimum amount of dividends (or aggregate dividend) drawn by a shareholder from any company in any year that should render it incumbent on the principal officer of the company to report such dividends to the prescribed Officer. It was obvious that while the amount must not be fixed so high as to deprive the section of its utility, to pitch it unduly low would, in the opinion of the Government, give a deal of unnecessary work both to the principal officer and the Department. The Committee in reply suggested that the same should be fixed at Rupees ten thousand.

107. **Port charges and their effect on trade of Bombay:**

The copies of representation of the Bombay Chamber of Commerce to the Bombay Port Trust regarding the cost of

handling goods imported and exported *via* Bombay and the note prepared by the Port Trust on the same were received from the Port Trust for the information of the Chamber.

108. Diversion of trade of Bombay to Indian Ports, and specially to Karachi and Kathiawar Ports:-

The attention of the Committee was drawn by the Bombay Port Trust to the growing competition of Indian Ports generally and Kathiawar Ports in particular with Bombay Port and the consequent diversion of considerable amount of trade to those ports. The Bombay Port Trust had made a representation to the Government of Bombay – a copy of which was forwarded to the Committee – in which they complained of the serious menace to the trade of the Port of Bombay caused by the alleged practice of certain neighbouring coast ports in the Native States, particularly in Kathiawar, of granting remissions or reductions of Customs duty and other concessions of a similar nature to importers with the object of diverting trade from Bombay. The Port Trust expressed the desire that the Chamber would loose no opportunity of impressing on the Government of India the necessity for taking immediate and drastic action.

The Committee thereupon addressed the Government of Bombay drawing their attention to the recent deflections in the trade of Bombay. They emphasised the necessity of a representative Committee of enquiry with the authority and sanction of the Government behind it to go into the whole question and suggest active measures to put down illegitimate practices if any, or unfair conditions imposed by railways or other public bodies. The Committee conveyed their assurance to the Government regarding the fullest co-operation to such an enquiry when it was set on foot.

109. Competition of Kathiawar Ports in Sugar trade of Bombay:-

The attention of the Committee was drawn by the Sugar Merchants' Association, Bombay, to the growing competition of

the Kathiawar Ports in the sugar trade of Bombay. They were requested by that Association to take such immediate measures as would arrest this spread of unfair competition in this particular trade.

The Committee in reply informed the Association that the question was receiving their very serious consideration.

110. **Prohibition of the importation of coffee into India:**

The Government of Bombay forwarded, for the views of the Chamber a copy of a letter from the Government of India with its enclosures regarding the above. It was stated in the Goverment of India's letter that in the interests of the coffee industry of Southern India the importation into India of coffee except in roasted and ground condition should be prohibited under section 3 of the Destructive Insects and Pests Act 1914. They asked the local Governments whether there was any necessity for a general prohibition of its importation other than roasted and ground and whether it should be extended only to those countries where "Stephenodere" occurred, the importation of coffee other than roasted and ground being permitted from other countries subject to a certificate of freedom from the infection under section 3 of the Act II of 1914, and whether prohibition would affect the trade in the indigenous products. The Committee in reply stated that they feared that the remedy suggested in the letter from the Government of Madras would be very drastic. The better course would be, in their opinion, to provide that those consignments which were accompanied with certificates from the local authorities to the effect that the particular beans were free from "Stephenoderes" should be allowed to be imported and that prohibition must be imposed on those consignments which were not accompanied by such certificates.

111. **Concession to Commercial travellers by first class on the G. I. P. and M. & S. M. Railways:**

In this connection the Committee addressed the G. I. P. and

the M. & S. M. Railways to the effect that they had read with much interest the recent circulars regarding coupon books for mercantile firms on those railways and appreciated the desire of the railways to be useful to the commercial community. They however felt that the system as instituted for first class coupons for a 3,000 mile journey could not be of much use to Indian businessmen many of whom could not afford, even at the concession rates sending out their salesmen or employees by first class. The Committee therefore suggested that a similar concession should be announced with regard to commercial travellers for 2nd class also. They trusted that their suggestion would be adopted by those railways, otherwise concessions given to first class commercial travellers alone would be looked upon naturally as favouring European commercial men who usually travelled by first class. The M. & S. M. Railway replied that intention underlying the arrangement was not so much a concession to passengers who ordinarily travelled by first class and it was an attempt to induce firms to give their representatives first class travelling facilities where ordinarily they would be given only second. When making the arrangemsnt it was hoped by the Railway that it would tend to the greater use of first class acommodation. The G. I. P. Railway replied that the issue of first class mileage tickets to first class had been introduced as an experimental measure and until the railway had seen the results of the same they could not agree to introduce books of second class mileage tickets. The Committee thereupon addressed the Railway Board on the subject asking them to request those Railways to extend the same facilities to second class travellers as well. In reply the Committee were informed that concession was not in any way introduced with a view to giving preference to European commercial travellers. Second class carriages were already filling better than first class carriages and in comparison with the accommodation supplied to second class fares were low as compared with first class charges. Further Indian firms were taking

advantage of the concessions the grant of which was purely on an experimental method and that therefore it was not considered advisable to extend it until some experience had been gained in the matter. The Committee decided to take up the question again after six months.

112. **Proposed establishment of an All-India Accountancy Board:**

The Committee addressed the Government of India stating that their attention had been drawn to the correspondence which was going on between the Government of India and some Local Government on the subject of the proposal of the Government of Bombay for the revision of rules regulating the award of Government Diploma in Accountancy of the Sydenham College of Commerce and Economics of Bombay. They deeply regretted that they had not been addressed even once with regard to such an important question. They might claim that the Chamber was one of the pioneers of commercial education in this country and it was to a large extent at their initative that the question of commercial education was placed on a sound and systematic footing in the Bombay Presidency and a Commercial Degree was recognised by the University of Bombay. The Committee would be much obliged if Government would kindly let them know the reasons which had led them to ignore the Committee entirely with regard to that question and hoped that they would now be afforded an opportunity of expressing their views on the same. In reply the Committee were informed that the Government of India had not asked or suggested that Chambers of Commerce should be consulted by different provincial Governments. In fact their enquiry was in a very preparatory state and not ready for circulation. The Committee thereupon wrote to the Government stating that they regretted that the different Chambers of Commerce were not consulted on such an important question. They now hoped that all the important commercial bodies would be consulted with regard to any conclusions arrived at and the

institution that might have been proposed for such Board before any steps were taken on the same.

113. Reduction of Telephone charges by Government of India to half, between 9 p. m. and 8 a. m. :

In this connection the Committee sent a letter to the Government of India supporting the proposal of the Ahmedabad Millowners' Association that the period should be fixed from 8 p. m. to 8 a. m.

114. Secondary Commercial Education in the Bombay Presidency (Vide item No. 118 of the Chamber's Report for 1925) :

In reply to the Committee's previous leter on the above subject, the Director of Public Instruction, Government of Bombay, stated that he had carefully considered their suggestions viz., the inclusion of Indian book-keeping as one of the subjects for the Government Commercial and Clerical Certificate Examination, and recognition of the vernaculars as the medium of instruction and examination in certain subjects. From enquiries made by him he found that there was no difference of any great importance between the principles of the Indian and the English systems of book-keeping. He suggested that the object in view of the Committee would be served if the important distinguishing features of the *Desi Nama* were included in the optional subject, that is to say, accountancy or more advanced book-keeping. As regards their second suggestion there was little or no literature in vernacular in case of most of the subjects and particularly certain technical terms had no vernacular equivalents. Further more it would be difficult to find qualified teachers to teach some of the subjects in vernacular. In view of those difficulties he trusted that the Committee would accept the view that for the present it was not desirable that an opportunity should be given of answering the question papers in certain subjects in vernaculars. For the information of the Committee a copy of the

Press Note that Government had recently issued on the sujbect of secondary commercial education scheme was forwarded. The Committee in reply stated that they were still unconvinced at the reasons of the Government for not accepting their suggestions in those directions. They could not agree that there was practically no difference between the principles of Indian and English Book-keeping. It was with a view to serve the needs of the large section of the business community that they had coupled with that suggestion their other suggestions of recognising the vernaculars as the medium of instruction and examination in certain subjects. The statement regarding insufficiency of literature in vernaculars of certain subjects could not be accepted. There could not be any suitable books forthcoming as long as preference was not given to the vernaculars. If proper enquiries were made it would be found that there were some books in vernaculars and those books would be supplemented by others as soon as it was known that the vernacular was recognised as the medium of instruction and examination for commercial examinations. They would be glad to co-operate with the Government and make the proposed examinations successful provided their suggestions were accepted and trusted that Government would still see their way to do so.

115. **Proposal to make Boilers, Smoke nuisance and Factories a Transferred subject :—**

The Committee wrote to the Government of Bombay stating that subjects, like the above which were at present Reserved, should now be made Transferred. The subject of Industries proper was as such a Transferred subject in all the Provinces but it was an anomaly that the above subjects were still regarded as Reserved. When Industries was made a Transferred subject all the above were deliberately taken away from that subject and treated as Reserved due probably to the anxiety of the Government to keep control over factories and possibly also to their fear that the future of the service in which Euro-

peans were mainly engaged might be jeopardised if they were placed in charge of Ministers. This anomaly should be removed at the earliest opportunity. Even the majority of the Muddiman Committee recommended that Boilers Gas and Housing should be transferred. The administration of some subjects, treated as Reserved, notably the Development of Bombay, did not afford any guarantee that there was more administrative efficiency with regard to Reserved subjects than with regard to Transferred subjects. They urged in view of all those circumstances that the Government would be pleased to arrange for subjects mentioned above being declared as Transferred subjects The Committee were informed in reply that the question was under consideration and discussion with the Government of India.

116. Forwarding of important resolutions and communiques of the Government of India affecting trade, commerce and industry, to the local commercial bodies for their opinion and information :—

The attention of the Committee was drawn more than once to the fact that the Government of Bombay did not generally forward to local commercial bodies important resolutions and communiques of the Government of India affecting trade commerce and industry of the country. They therefore addressed the Government of Bombay stating that they took keen interest in such resolutions and urged that such resolutions should be forwarded to local commercial bodies for their information and opinion. They further stated that general orders should be issued to that effect. In reply Government informed them that important resolutions appeared regularly in the Government Gazette and the commercial bodies were also consulted on the same.

117. Proposed change in the Court Hours of the Bombay High Court.

The opinion of the Committee was invited by the Registrar of the Bombay High Court on the proposed change in Court

hours of the Bombay High Court. The Hon'ble the Chief Justice and Judges of the High Court specifically wanted to know whether the hours should be continued as at present, or fixed from 11 to 2 and 3 to 5 as formerly or from 11-30 to 2-30 and 3 to 5. The Committee in their reply dated the 28th July 1926 stated that they were strongly opposed to any modification of the existing Court hours of the High Court as they had proved to be most suitable to Indian businessmen. They specially drew the attention of the Hon. the Chief Justice and Judges to the peculiar social habits of Indian businessmen and their assistants which rendered it impossible for them to attend the High Court at any earlier hour than the one now in vogue. The Committee were informed afterwards that the Court hours were fixed from 11-15 to 2-15 and 3 to 5 with effect from 31st August 1926.

118. Postal Insurance facilities in Tanganiyika Territory.

The Committee, on the 24th July 1926, drew the attention of the Postmaster General, Bombay Circle, Bombay, to the absence of postal insurance facilities for parcels sent from India to the Tanganiyika Territory. They observed that there were no private insurance companies to undertake to insure such parcels in mofussil places. Consequently merchants had no protection against the loss of their parcels. The Committee, therefore, requested him to inform them as to the countries to which such postal insurance facilities were extended and the reasons for not extending the same to other countries. The Committee were informed by the Postal authorities that negotiations were in progress for the extension of the Insured Parcel Service to the Tanganiyika Territory.

119. New Drawback procedure proposed by the Bombay Collector of Customs:

The Collector of Customs, Bombay forwarded to the Committee a copy of the Notice issued by him with regard to the

change in Drawback procedure. He said that in the opinion of the Government of India the present procedure was not in accordance with the Sea Customs Act and that goods must be indentified completely before shipment. Cases had arisen in the past where the shippers had shipped goods on the understanding that drawback would be granted and their claims had been subsequently disallowed. The Notice was to the effects that it would be necessary for intending shippers to file their shipping bills and the duty bills with the Drawback Department 8 days before they intended to ship their goods. The Committee on the 14th July 1926 addressed the Collector of Customs, pointing out that the proposed new procedure would hamper trade. According to that procedure the shipping bills and the duty bills would have to be filed with the Drawback Department at least 8 days before the date of shipment. It was impossible in most cases because orders came from outports for immediate shipment and had to be carried out by any steamer available in the next day or two, otherwise such orders were frequently cancelled because fluctuations in prices made them unprofitable for the ordering clients. The new procedure would also require merchants to lock up money for at least ten to twelve days, because they could not get the drawback papers from the sellers until they paid for them. The Committee therefore, trusted that he would be good enough to reconsider the position and to allow the procedure heretofore in force to obtain for the future also. The Committee were informed in reply that the old drawback procedure was not in accordance with the Sea Customs Act in as much as claims to receive drawback were not made and established at the time of re-export as required by Section 51 of the Act. The new procedure had therefore been introduced at the instance of the Government of India. He observed that it was also in force in other Ports. He also informed the Committee that he had taken the opportunity of the slackest period of the year to introduce the new system so as to entail as little hardship as

possible on the shippers concerned. The Committee thereupon, on the 29th July 1926, forwarded the correspondence that had passed between them and the Collector of Customs, Bombay, to the Government of India stating that the Indian mercantile community would be put to much difficulty and hardship by the proposed new procedure. They therefore requested the Government not to insist on the introduction of the new procedure and to be pleased to issue necessary instructions to the Bombay Customs authorities to allow the old procedure to obtain for the future also.

The Collector of Customs afterwards informed the Committee that an alternative procedure was suggested to the same. The Committee stated in reply that they approved of the same but further observed that if any merchant found it inconvenient, they would again address him.

120 Proposed omission of certain tables from the Monthly Sea Borne Trade and Navigation Accounts of British India :

The Committee were invited by the Director-General of Commercial Intelligence and Statistics to give their opinion on the above proposal. He stated that the omission of those tables would result in the curtailment of the introductory note on the foreign trade of British India prefixed to those Accounts. The reason given for the proposed omission was that while the preparation of the tables took considerable time their value was doubtful since they merely showed the figures of expansion or decrease in trade which were available in the main pages of the Accounts. The Committee in reply on the 14th July 1926 stated that they had no objection to the proposed omission from the monthly Sea-borne Trade and Navigation Accounts of British India, but at the same time stated that they thought that the tables of the Accounts covering the whole twelve months and given in the March number

of the Accounts would be useful and should therefore be continued.

121. Omission of certain tables from the Annual Statements of the Sea-borne Trade and Navigation of the Bombay Presidency :

The opinion of the Committee was invited by the Director General of Commercial Intelligence and Statistics, on the proposal of omission of certain tables dealing with foreign trade with each country in the principal articles and shipping tables re : foreign and coasting trade from the above Statements. The reason advanced for the proposal was that the cost of publication far exceeded the price at which they were sold to the public. The Committee in reply informed him that the question of publication of statistics should be looked at from a more comprehensive point of view than merely that of economy, They stated that as the tables intended to be omitted were useful to the commercial community for their reference and guidance, they were opposed to the proposed omission of the same.

122. Revision of the list of imported Cotton Piecegoods.

The Committee received from the Director-General of Commercial Intelligence and Statistics, India, a copy of the resolution of the Government of India, in the Finance Department, together with a revised list of imported cotton piecegoods for any modifications that they might have to suggest therein. The Committee in reply, informed the Director-General that they had no modifications to suggest in the said list.

123. Revision of the Lists of Articles specified in the Sea-borne Trade Returns of British India :

The Committee were informed by the Director-General of Commercial Intelligence and Statistics, that the question of annual revision of the lists of articles specified in the Sea-borne

Trade returns of British India was now under consideration and that he would be glad to receive any suggestions regarding additional items which the Comittee considered essential for specification in the Returns. The Committee in reply stated that Hydrogenated and Vegetable Oils and Fats should be separately shown in the same.

124. **Removal of Match Factory from Santa Cruz :**

The attention of the Committee was drawn by a member firm to the insistence of the Government of Bombay regarding the removal of their Match Factory from Santa Cruz on expiry of their license in may 1927. The Committee thereupon addressed the Government of Bombay stating that the location of that factory did not in any way disturb the population of that suburb and its removal would therefore mean an unnecessary expense and trouble tc its owners. They therefore requested the Government to inform them of the reasons for their insistence on such a removal.

125. **Indianisation of the Bombay Port Trust Service :**

A member of the Chamber required some information regarding the number of superior posts held by Indians and non-Indians in the Bombay Port Trust. The Chamber's representatives on the Bombay Port Trust were requested to get the necessary information from the Port Trust.

126. **Appointment of the Deputy Chairman of the Bombay Port Trust :—**

The Committee sent a protest to the Government of Bombay against the proposal of the Bombay Port Trust of making the post of the Deputy Chairman permanent and confirming Mr. Sharpe to the same on a salary of Rs. 2500/- plus a personal allowance of Rs. 250- per month subject to the sanction of the Government. They pointed out that Mr. Sharpe was appointed a Deputy Chairman of the Trust in 1925 for the specific purpose of carrying out the retrench-

ments and as the work was over it would not be right to continue the appointment of Dy. Chairman. The Committee therefore requested the Government to consider the question from a broader aspect and refuse the sanction to the Port Trust's proposals (1) that the Dy. Chairman's post be continued hereafter and (2) that Mr. Sharpe be confirmed.

127. Converting the Narayanpet Town Post Office into Combined Post and Telegraph Office :

The Committee wrote to the Director General of Posts and Telegraphs drawing his attention to the difficulties experienced by the commercial community at Narayanpet Town in the Nizam's Dominions due to inadequate facilities re : Post and Telegraphs in that town. They pointed out that Narayanpet was an important commercial centre and the merchants of that place due to the lack of postal and telegraphic facilities were put to a great deal of inconvenience. The Committee therefore requested him to grant the merchants' request re: the conversion of the present Town Post office into a combined Post and Telegraph Office.

128. Proposed Message Rate system by the Bombay Telephone Company (Vide Chamber's Report for 1925, pages 509-544) :-

The Hon'ble Member for Industries, Government of India recently held a conference at Bombay with representatives of various public bodies to discuss the proposed Message Rate system by the Bombay Telephone Company. The Hon. Sir B. N. Mitra at that conference informed the representative of the Chamber who attended the Conference that the Government had decided on sanctioning the proposed change and that a Committee would be shortly appointed to go into the question of fixing the rates. The Committee thereupon addressed the Government of Bombay, Revenue Department strongly stating that they were not in the least convinced of the desirability of the change sought to be introduced. But as the

Government had taken a decision on the same they asked them to see that the Telephone Company did not receive any additional revenues by that change. They pointed out that the message rate should be so fixed as to carry out the object in view viz : to adjust the burden on the small user by adopting a scale of charges which would " permit of his paying less than the present minimum rates."

129 Protest against filling in Block No. 7. of the Back Bay Reclamation :

The Committee adressed an emphatic protest to the Government of Bombay against the Government Press Note sanctioning the filling up of Block No. 7 of the Back Bay Reclamation area. After carefully considering the reasons advanced by the Government re : their decision to complete Block No. 7, they stated that taking into consideration all the factors regarding the vacant plots available for residential purposes in the possession of the Bombay Port Trust, the B. B. & C. I. and the G. I. P. Railways and the Colaba Land and Mill Company, it would take at least thirty-three years to dispose of all the plots in Block No. 7. The Committee did not agree that the land in Block No. 7 could fetch Rs. 25/-per square yard, but they thought that Rs. 15/-should be taken as the probable average price of sale for all the plots of land on that Block. By the end of 33 years, the date before which all those plots could not be disposed of, the total loss accruing to the State from all those transactions would come to about Rs. two crores. They observed in conclusion that the reclamation work had disastrously affected the trade and industries of the city and finances of the Presidency. The Committee therefore were firmly of opinion and conviction that the reclamation of Block No. 7 should not be proceeded with at present.

130. Industrial Housing Scheme of the Development Department :—

The Chamber's representative on the Advisory Committee

of the Development Department forwarded to the Committee copies of the correspondence that had passed between him and the Director of Development re : his separate report on the above scheme. It appeared from the correspondence that the Director of Development tried to shelve the report of the Chamber's representative. The Chamber's representative requested the Committee to address the Government on the same and also expressed the desire that the Chamber's representative on the Bombay Legislative Council should ask questions in the Council so as to attract public attention on that important subject. The matter is still under consideration.

131. **Representation of the Karachi Indian Merchants' Association on the Indian Central Cotton Committee :**

The Committee were requested by the Karachi Indian Merchants' Association to support their memorial to H. E. the Viceroy regarding granting it a right of representation on the Indian Central Cotton Committee. The Committee while expressing every sympathy with the Association's request regretted their inability to do anything in the matter.

132. **The Indian Roads and Transport Development Association :**

The Committee received a copy of a memorandum prepared by the above Association to be submitted to the Government re : reduction of Customs duty on motor cars, spare and component parts, etc. for their support.

The Committee in reply informed the Committee of that Association that they awaited developments of their activities before they could move in the matter. Afterwards the Committe were requested to send their representative on the Committee of the Association. The Committee informed the Association that it was not deemed necessary at that stage to nominate anybody as the Chamber's representative on the same.

133. Non-acceptance of cargo measurement certificates of the Tuticorin Indian Chamber of Commerce by Messrs. A. and F. Harvey:

The attention of the Committee was drawn by the Tuticorin Indian Chamber to the fact that out of the four steamer company agents at Tuticorin Messrs. A. and F. Harvey alone (Agents, Clan Line Boats), declined to accept certificates of cargo measurement issued by that Chamber. The Committee were requested to suggest a way to gain that Chamber's object.

The Committee in reply asked that Chamber to enlighten them as to the nature and bulk of the local Indian Trade of Tuticorin as also the system adopted by that Chamber regarding measurement of cargoes and its number of membership. The Committee having been supplied with the above information on the matter under discussion, informed the Tuticorin Chamber that they were considering as to the best manner in which they could help that Chamber in achieving the object it had in view.

134. Magnesium Chloride Industry:

The attention of the Committee was drawn by a member to the combination of the German manufacturers of Magnesium Chloride with a view to kill the Kharaghoda Magnesium Chloride industry. He therefore requested the Committee to take necessary action to prevent unfair German competition in this direction.

The Committee after carefully considering the question informed the member that unless he could supply them with full particulars re: the German competition, they could not do anything in the matter,

135. Potential Reserve of Motor Transport Vehicles for War:

The opinion of the Committee was invited by the Quarter Master General in India, Army Headquarters, on the three

proposed schemes for maintaining for war a potential reserve of M. T. Vehicles. These three schemes were: (1) selling vehicles on deferred purchase system, payment being spread over 4 years; (2) selling them at a fair market price with a conditional annual subsidy and (3) giving a half-yearly subsidy to those who maintained M. T. vehicles of the proper type. The Committee in expressing their opinion observed that the adoption of any of these schemes was fraught with great difficulties. On the outbreak of war all the M. T. Vehicles which might be with any individuals or firms would be commandeered for military purposes and thus be withdrawn from active service in local trade and industries. Not only that but it would then be next to impossible to secure any substitutes for such vehicles thus withdrawn and it would only mean that local trade and industries would be deprived of their most important means of transport and would be entirely disorganised. The Committee therefore did not approve of any of the alternative schemes proposed.

(H). INTERVIEWS WITH GOVERNMENT OFFICIALS.

136. Interview with the Hon'ble Sir B. N. Mitra, Member for Industries and Labour, Government of India.

The Committee had an interview with the Honourable Sir Bupendra Nath Mitra, K. C. I. E., Member for Industries and Labour, Government of India, on the 12th April 1926, when question relating to his Department were discussed with him.

137. Interview with Mr. A. R. L. Tottenham :

The Committee had an interview with Mr. A. R. L. Tottenham, First Member, Central Board of of Revenue, on Saturday, 4th September 1926, when subjects regarding (1) abolition of Company Super-tax, (2) present method of assessment of Income-tax

on property, (3) refund of Income-tax to subjects of native states (3) refund of Income-tax to subjects of Native States, (4) amalgamation of incomes of husband and wife for purpose of income and Super taxes and (5) practice of local Income-tax Office of taking down notes from account books of merchants were discussed.

138. **Interview with the Hon'ble Mr. G. L. Corbett Secretary to the Government of India, Department of Commerce.**

The Committee had an interview with the Hon'ble Mr. G. L. Corbett, Secretary to the Government of India, Department of Commerce on the 12th October 1926 when subjects re: (1) Indian Insurance Companies Bill (2) Report of the Indian Mercantile Marine Committee (3) Lighthouses Administration Bill and (4) Embarkation and Landing facilities at minor ports were discussed with him.

139. **Interview with Dr. D. B. Meek, O.B.E., M.A., D.Sc., Director-General of Commercial Intelligence and Statistics, India, Calcutta:**

The Committee had an interview with the Director-General of Commercial Intelligence and Statistics, on Monday the 29th November 1926 to discuss the Tariff Valuations for the year 1927.

(I) GENERAL.

140. **Proposed new sizes of Registration Envelopes:**

The attention of the Committee was drawn to the fact that other Chambers of Commerce were consulted by the Director General of Posts and Telegraphs on this important question while they were not consulted. They therefore asked the Director General for reasons which led him to neglect the Chamber and requesting him to send them the above envelopes for their inspection and remarks they might choose to make. The

Committee were informed that the omission was inadvertent and their opinion was invited on the proposed sizes of the envelopes. The Committee welcomed the proposed introduction of the three new classes of Registration envelopes but could not agree with the charges proposed to be levied for the same. The new classes A and B would be smaller than the existing classes, while the C class would be bigger. They therefore suggested that the new class A might be charged 6 pies, class B 9 pies and the new class C one anna. That suggestion would appear, they hoped, to be reasonable as the classes A and B were much smaller than the existing classes and there would not be any necessity for increasing the maximum rate charged at present, that is to say, one anna under the new arrangement.

141. Public protest meeting against the Asiatic Bill of the Union Government of South Africa held under the auspices of the Imperial Indian Citizenship Association:

The Commitree were invited by the above Association to join them in holding the above meeting. The Committee agreed to join the Association in convening the public meeting. They nominated Mr. Lalji Naranji, President of the Chamber, as their representative on the Sub-Committee for drafting resolutions etc.

142. Public Protest Meeting against the Back Bay Reclamation Scheme:

A public meeting was held under the auspices of the Chamber on 23rd March 1926, to protest against the policy of the Government of Bombay in the matter of the Development Department generally and the Back Bay Reclamation in particular, under the Presidentship of Mr. Lalji Naranji, M.L.C., President of the Chamber. Resolutions condemning the policy of the Government regarding the above schemes and asking for an independent non-official Commission of enquiry consisting of representatives

of public bodies to enquire into the origin and activities of the Department and to apportion the relative blame and responsibility for failure of the Back Bay Reclamation scheme and to suggest what steps should be taken to prosecute the schemes or otherwise so as to minimise the losses as far as possible, and authorising the President of the meeting to forward the above resolutions to the Government of Bombay, to the Government of India and the Secretary of State for India were passed.

143. Chamber's representative on the Improvement Committee:

Under the new Improvement Trust (Transfer) Act 1925 the Chamber was given the right of electing one representative on the new Improvement Committee. Mr. S. B. Billimoria, was elected accordingly as the Chamber's representative on the same.

144. Prevention of professional beggary in Bombay:

The Government of Bombay forwarded a copy of the report prepared by one of their officers on the above question for the opinion of the Chamber. The officer suggested various schemes for preventing professional beggary in Bombay. The Committee in reply stated that they considered the report and were of opinion that looking to the general social conditions and sentiments it was not desirable to give effect to the various suggestions made in the Report. The financial aspect of the beggary prevention schemes was also, in their opinion, serious because the present financial situation of the Presidency could not admit of any further expenditure.

145. Reduction in rate of Money Order Commission:

The Committee requested the Government of India to be pleased to reconsider the question of reducing money order charges on amount below Rs. 10. In a country like India, they observed, which was both poor and illiterate, the masses of people in general and the trading community in particular

should be encouraged to take full benefits of the Post Office facilities and the Post Office therefore should keep its charges on a reasonable basis. It was also pointed out that the postage for a parcel of 40 tolas was only 3 annas and a postal receipt was forwarded for its safe delivery to the addressee, whereas for a parcel of books weighing 40 tolas the charge was 4 annas. The Committee were informed in reply by the Government of India that in view of the increase in wages and expenses it would not pay the Post Office to charge less than 2 annas as commission for the work involved in dealing with a money order. They therefore regretted that they were unable to agree to the proposal to restore the one anna money order commission rate upto Rs. 5. With regard to difference in charges for parcels, it was pointed out that in cases where the parcel rate was more favourable than the packet rate it was open to the sender to send the article by parcel post. They also added that for an unregistered parcel the post office gave no receipt for its safe delivery to the addressee. If an acknowledgement from the latter was asked for the sender must pay additional fees viz. two annas for registration and one anna for the acknowledgement.

146. Bill V of 1926, to amend the City of Bombay Police Act, 1902.

(Shooting of injured and diseased animals in public places:)

The Committee sent a telegram to their representative on the Bombay Legislative Council on the 27th July 1926, protesting against the killing of injured and diseased animals under any condition in public places in the City of Bombay and urging the Bill empowering the police to do so be modified to provide immediate removal by the owner or the Police of such animals to the Panjrapole or Veterinary Hospital.

147. Death of Mr. Ratan D. Tata of Messrs. Tata Sons & Co.,

The Committee sent letters of condolence to Sir Dorab J Tata and Mr. Jehangir Ratan D. Tata on the sad death of Mr. Ratan D. Tata. They stated that in Mr. Ratan D. Tata not only the City of Bombay and the Presidency but the whole of India had lost a distinguished leader of Commerce and Industry, a man of far-sighted vision and an earnest and sincere patriot. They offered their heartfelt and deep condolences on his sad death.

148. **Death of Sir Mahommedbhoy Hajibhoy Lalji.**

The Committee sent letters of condolence to Mr. Bandeally Hajibhoy and Mr. Husseinbhoy Mahommedbhoy, offering their sincere condolences at the death of Sir Mahomedbhoy Hajibhoy Lalji.

149. **Indo-European Telegraph Department, Government of India:—**

The Committee on 7th July 1926, addressed the Government of India on the subject noted above stating that the Inchcape Committee had observed in their report that the Government of India had proposed the immediate transfer of the control of the Department from the Secretary of State to the High Commissioner for India and an enquiry into the question whether the work of the Department could not be carried on by the Indo-European Telegraph or some other British Companies. Sir Purshotamdas Thakurdas a member of the Inchcape Committee disagreed with regard to the latter part of that proposal and apparently it was dropped. He however strongly supported the proposal to transfer the control of the Department to the High Commissioner. Sir Purshotamdas went further and urged that in the interests of efficient management and better control over expenditure the Headquarters of the Department should be with the Government of India at Delhi. The Committee stated that they were sorry that nothing had been done by the Government of India to realise in practice those two suggestions. In the meanwhile it was found that while the Indo-European

Telegraph Company had been able to declare a dividend of as much as 10 per cent. for the year, the Hon. the Finance Member of the Government of India in his last Budget speech referred to the operations of the Department in the following sentence:—

"To complete the picture, I must add that owing to a reduction in traffic we expect in addition a loss of Rs. 67 lakhs in 1926-27 on the working of this Department."

The Committee requested the Government to be pleased to explain that discrepancy. They also urged the Government to transfer the control of the Department to the High Commissioner and to remove its Headquarters from London to India. In reply the Government of India drew the attention of the Committee to an answer given by them in the Council of State recently in which they stated that the Indian Retrenchment Committee did not recommend the transfer of control of the Department to the High Commissioner. As regards the future of the Department it was stated that the complete information had only recently become available and the Government of India were considering the whole question in the light of that information with a view to submitting their recommendations to the Secretary of State.

150. Chamber's representative on the Indian Central Cotton Committee.

Mr. Lalji Naranji having resigned from the above Committee, the Committee nominated Sir Purshotamdas Thakurdas, Kt., C.I.E., M.B.E., M.L.A., as the Chamber's representative on the same.

151. Insulting attitude of the Manager of the Kobe branch of the Hongkong and Shanghai Banking Corporation towards Indian merchants:

The attention of the Committee was drawn by a member to the abusive language used by the Manager of the Kobe branch of the above Bank against the Indian community in general.

The Manager in a letter addressed to the member in question went out of his way and remarked that all Indians were damed scoundrels. The Committee were requested to do the needful in the matter. They thereupon wrote to the Head Office of the Hongkong and Shanghai Banking Corporation stating that the Indian business community were one of their biggest constituents and it was therefore very distressing that a responsible officer of the Bank should use abusive language towards Indians. The Committee expressed the desire that the Head office would enquire into the matter and bring about an amicable solution of that distressing situation.

In reply the Committee were informed that the manager in question had since withdrawn the remarks and they were assured that henceforward such distressing occasions would never arise.

152. **Exhibition of poor Indians in Germany:**

The attention of the Committee was drawn by a member to the recent recruitment of poor Indians by a German named Mr. Hagenback for thir exhibition in the Zoo at Berlin. From the reports published in the Press it appeared that the recruited Indians were subjected to bad treatment and exposed to the derision of the German public and others. The Committee thereupon enquired of the Government of India as to the recruitment in question and the treatment meted out to them in Germany. The Government of India in reply informed the Committee that the Indians in question were recruited from Ceylon and that steps were already taken to stop further recruitment. The Government of India afterwards forwarded a copy of a Press communique issued by them with regard to the alleged maltreatment of Indians in Germany for the Committee's information.

153. **Interview with the Deputation of the British Social Hygiene Council:**

The Committee had an interview with Dr. David Lees and

Mrs. Neville Rolfe, the delegates of the above Council on the 30th November 1926 to discuss the question of Venereal Diseases in India. The Delegates emphasised the necessity of an enlightened public opinion for this most important question which in their mind at present did not receive the adequate attention it deserved. They explained at length the immense loss both economic and social the country had to suffer due to the lack of upto-date, scientific and efficient treatment of these nasty diseases. They informed the Committee that in England, Government and Municipal authorities as well as the general and commercial public co-operated in reducing the prevalence of these dreadful diseases. They earnestly urged that the commercial community of Bombay in particular and India generally should seriously take up the question and try to combat those diseases as far as possible.

154. **General Meetings:**

Three Quarterly General Meetings and two Special General Meetings were held during the year.

155. **Membership of the Chamber:**

There were at the end of the last year 448 Members. During this year 30 have joined and 26 have discontinued their Membership, (out of whom 19 resigned, the names of 6 were struck off under the rules of the Chamber on account of their subscription having remained in arrears for more than one year and one Member died) leaving at the end of the year 452 Members.

156. Balance Sheet:—

The Balance Sheet of the Chamber audited by the Chamber's auditor Mr. Devidas Vithaldas is appended herewith.

THE INDIAN MERCHANTS' CHAMBER.

Statement showing Income and Expenditure Account of the Chamber from 1st January 1926 to 31st December 1926.

EXPENDITURE.	Amount.	Amount.
	Rs. a. p.	Rs. a. p.
To Office Establishments, Rent, Insurance, etc.		24,212 1 0
„ Postage and Telegrams		1,031 3 0
„ Miscellaneous Expenses		222 10 3
„ Subscriptions to Newspapers and Journals		768 3 9
„ Stationery		1,170 5 6
„ Printing Chamber's Reports, and Representations		3,736 8 0
„ Printing Chamber's Journal		1,860 6 0
„ Commission on Advertisements		54 14 4
„ Carriage Hire		280 13 0

„ Chairs Hire			87 0 0
„ Auditor's Fees			100 0 0
„ Furniture and Fittings			160 12 0
„ Bank Commission			1 2 0
„ Public Meetings re : Back Bay Reclamation etc.			307 6 0
„ Office Appliances			1,144 8 0
„ Tour Expenses (Secretary)			122 7 0
			35,260 3 10
Cash and Investments:—			
Port Trust Bonds at cost	2,025 0 0		
6½ p. c. Bombay Development Loan	5,000 0 0		
Capital Fund (Central Bank of India Ltd.)	8,900 0 0		
Cash with Central Bank of India, (including Rs. 1,201-12-0 of the Commercial Congress)	7,646 0 2		
Cash with Bank of India	5,571 3 11		
Cash on Hand	199 0 9		
			29,341 4 10
Grand Total ...			64,601 8 8

J. K. MEHTA,
Secretary.

LALJI NARANJI,
Chairman.

INCOME.	Amount.			Amount.		
	Rs.	a.	p.	Rs.	a.	p.
By Balance brought forward				24,583	13	
Capital Fund Account:—						
30 New Members @ Rs. 100	3,000	0	0			
Less Rs. 200, received last year	200	0	0			
				2,800	0	0
Membership Subscription:—						
375 Resident Members @ Rs. 75 each	28,125	0	0			
41 Limited Companies @ Rs. 100 each	4,100	0	0			
26 Mofussil Members @ Rs. 25 „	650	0	0			
11 Association Members @ Rs. 125 „	1,375	0	0			
Outstandings realised	2,225	0	0			
	36,475	0	0			

Less subscriptions outstanding ...			2,300	0	0			
Less last year's bad debts, of 5 resident and 1 mofussil members, @ Rs. 75 and Rs. 25			400	0	0			
Less two subscriptions received last year ...			150	0	0			
						2,850	0	0
								33,625 0 0
Subscriptions to Chamber's Journal	...	...		...				321 8 0
Adveritsements in Chamber's Journal	...	...		...				545 0 0
Interest on current accounts and investments	...	...		...				864 7 0
Sale Proceeds of Members' lists	...	...		...				95 0 0
Do. Chamber's Annual Reports	...	...		...				40 0 0
Proceeds of Certificates of Origin and Survey fees, etc.		...		...				275 0 0
Election Deposit (Mr. Lalji Naranji)	...	...		...				250 0 0
Deposit of the Commercial Congress	...	...		...				1,201 12 0
	Grand Total			...				64,601 8 8

I have examined the above account of income and expenditure with books and vouchers of the Indian Merchants' Chamber and certify the same to be correct.

DEVIDAS VITHALDAS,

Auditor.

Bombay, 6th January 1927.

(A) RAILWAYS AND SHIPPING

(A) RAILWAYS.

APPENDIX I

FREIGHT ON BENGAL LIGHT MATCHES ON THE M & S. M. RAILWAY (VIDE ITEM NO. 5 OF THE CHAMBER'S REPORT FOR LAST YEAR.)

No. T.-56, 9th January 1926.

From Chamber to the Madras & Southern Mahratta Railway Co., Ltd., Madras.

With reference to the correspondence ending with your letter of the 19th September 1925, No. R. 1/3394/24, my Committee regret to note that you are not prepared to afford the same facilities for the carriage of Bengal Light Matches on your line in the direction of Hubli and other places as you have kindly done in the direction of Madras via Dadar and Raichur. It is observed in your letter under reference that you are

> "quite prepared to make similar arrangements for this traffic in other directions provided a sufficient quantity of traffic offers."

One of the Indian Match Manufacturing concerns with its factory at Ahmedabad informs my Committee that it manufactures approximately 3,000 to 4,000 cases of these Bengal Light Matches every year, most of which find their way to different places in India. It is not possible, however, to say on which foreign railways, i.e.,

railways other than the B. B. & C. I. their traffic will be most, as it entirely depends on the extent of foreign competition that they have to face. It will not be possible thus for these match manufacturing concerns to guarantee any traffic in these matches. No such condition my Committee are informed, had ever been imposed by any railway all these years. The match industry in India is growing in volume day by day and it is due to it that it should be encouraged to face the foreign competition from the ports by the removal of obstacles in the nature of those pointed out above. Unless this is done the indigenous match industry will have to run the risk of foreign competition with a big handicap against them. My Committee beg to request you, therefore, to be good enough to extend the same concessions on all sections of your railway to the match industry as are given by you already on one particular section and are also given by railways like the B. B. & C. I., G. I. P., S. I., and the N. W. Railways.

No. R-1/3394, 19th January 1926.

From the Madras & Southern Mahratta Railway Co., Ld. to Chamber.

With reference to your letter No. T. 56 of the 9th instant, I regret, I have nothing to add to my letter No. R. 1/3594/24 of 19th September 1925.

No. T.-264, 4th February 1926.

From Chamber to the Railway Board, Government of India, Delhi.

I am directed by the Committee of this Chamber to enclose to you herewith copies of correspondence which has passed between this Chamber and the Madras and Southern Mahratta Railway Company with regard to the carriage of Bengal Light matches on their line in the direction of Hubli and other places. It will be found from

this that this restriction on the traffic operates adversely upon the indigenous match manufacturing industry which is still in a state of infancy. I am directed, therefore, to request you to be pleased to request the Railway Company to make the same arrangements for carriage of Bengal Light matches on their line in the direction of Hubli and other places as they have already done in the direction of Madras via Dadar and Raichur.

No. 1633-T, dated Delhi, the 13th of February 1926.

From Railway Department, Government of India to Chamber.

With reference to your letter No. T-264, dated the 4th February 1926, I am directed to say that the position is clearly explained in the letter dated 19th September 1925 from the General Traffic Manager, Madras & Southern Mahratta Railway to you and in the circumstances the Railway Board regret they cannot see their way to address the Railway in the manner suggested.

APPENDIX 2.

DIFFICULTIES IN BOOKING OF LAMETTA ON THE G. I. P. RAILWAY.

No. 315 Bangalore, 21st December 1925.

From the Mysore Chamber of Commerce to Chamber.

It has been brought to notice of this Chamber that consignments of imitation Lametta are not allowed to be booked on the Great Indian Peninsula Railway at owner's risk. They insist on the booking of such consignments at Railway Risk only which means that the consignors have to pay extra charges. The profits in the trade of this article are necessarily limited and merchants are therefore averse to booking the goods at Railway Risk. Moreover, the cost of imitation

lametta per corge of 20 reels will be Rs. 6 while the real lametta costs Rs. 85 for the same quantity. In these circumstances I am to enquire if the Great Indian Peninsula Railway authorities are right in imposing the said condition on the merchants. I shall be obliged for information whether such cases have been brought to your notice and how they have been generally dealt with.

An early reply in the matter is solicited.

6th January 1926.

From the Hon'ble Mr. (now Sir) Phiroze C. Sethna to the Secretary, G. I. P. Railway Advisory Committee, Bombay.

The Committee of the Indian Merchants' Chamber have been informed that consignments of imitation lametta are not allowed to be booked on the G. I. P. Ry. at Owner's Risk and that booking of such consignments is insisted on at Railway Risk only. It may be mentioned that profits in this line are necessarily limited and merchants are therefore naturally averse to booking the goods at Railway Risk. The cost of imitation lametta per corge of 20 reels is about Rs. 6 whereas the real lametta costs Rs. 85 for the same quantity.

I shall be obliged if you will kindly place this letter for consideration by the Advisory Committee at its to-morrow's meeting if possible and draw their attention to this grievance of lametta merchants.

I suggest that in view of the fact that imitation lametta is after all a cheap and artificial article the G. I. P. should not insist upon its being booked at Railway Risk.

Extract from the Proceedings of the G. I. P. Ry. Local Advisory Committee for the Month of February 1926.

A representation was received through the Hon'ble Mr. (now Sir) Sethna pointing out that Imitation Lametta was not allowed to be

booked over the G. I. P. Railway at Owner's Risk and that Railway Risk was insisted on; that Imitation Lametta was a cheap and artificial article, that profits on it were therefore limited and that Railway Risk should not be charged.

The Chairman said that this matter was discussed very briefly at the last meeting and he was not clear from Mr. Sethna's letter whether the consignors of Lametta had approached the railway on the subject.

Continuing, the Chairman said, in regard to the classification, that there was only one classification laid down by the Indian Railway Conference Association for Lametta and that was Railway Risk and the Railway followed this classification for the reason that Imitation Lametta was so much like the real Lametta that it would be quite impossible for the railway staff to distinguish between the one and the other. If the railway allowed booking of Imitation Lametta at Owner's risk, there would be a danger of the real article being consigned at the lower rate. In any case Imitation Lametta was not included in the Indian Railway Conference Association classification, and before any action could be taken the matter would have to be referred to the Indian Railway Conference Association for their instructions.

The Chairman then asked the Committee what their views were.

Mr. Neilson said that he thought the traffic should be charged according to what it could bear.

Mr. Wilson said that he quite agreed that if the railway had a lower rate everybody would go for it whether their goods were imitation or not.

After further discussion in the matter, the Committee generally agreed that the article was very reasonably charged and that no change in the classification was necessary.

APPENDIX 3.

RAILWAY FREIGHT ON LOGS USED IN MATCH-MAKING.

No. T. 309, 6th February 1926.

From Chamber to the G. I. P. Railway, Bombay.

The attention of my Committee has been drawn to the system of charging freights by our Railway on logs used in making matches.

My Committee understand that your Railway are charging these logs at "timber rates." while the B. B. & C. I. Railway are charging the same at "fuel rates". The "timber rates" being higher than the "fuel rates" operate adversely upon match factories located on your line and my Committee would ask you to reconsider the rate on this wood because these logs are meant to be split up into match wood and is not timber as ordinarily understood, Besides this the match industry is still in its infancy and high Railway freights for the carriage of raw materials required for it would be a serious handicap to the development of this industry.

My Committee believe that the lowering of the freight rates by your Railway for the carriage of these logs on your line will develop traffic in articles required for this indstry and ultimately benefit your line.

It has been also brought to the notice of my Committee that the B. B. & C. I. Railway in order to encourage location of match factories on their line grant special freight rates to match manufacturers for carriage of their goods. They are accepting consignments of matches from a station where a factory is situated at 4th and 5th class rates whereas your Railway, my Committee understand, are charging the same at 8th class rates. In this way also match fac-

tories located on your line are handicapped in their competition with match factories situated on the B. B. & C. I. Railway line.

I am therefore, directed by my Committee to request you to be pleased to look into this matter and revise freight rates for the carriage of both the raw material as well as the finished product and bring them into conformity with those in force in the B. B. & C. I. Railway.

No. RC. 588, 8th July 1926

From the G. I. P. Railway to Chamber.

With reference to your letter quoted above to the address of the Agent, G. I. P. Railway, Bombay, which has been forwarded to me for disposal, I beg to inform you that we now quote station-to-station rates for timber consigned to the match factories for making matches, in local booking, equal to the rates applicable for over this Railway for firewood.

As regards the carriage of safety matches, I beg to inform you that they are ordinarily charged at 8th class O. R. and 9th class R. R. We have however, quoted 7th class for this traffic from Bombay, Dadar, Via Dadar, Sion, Kurla, Ghat-Koper and Ambernath at owner's risk on a minimum weight of 200 maunds per four wheeled wagon used. At present there is no evidence that our higher classification places factories situated on the B. B. & C. I. Railway in an unduly advantageous position and in the circumstances it is not considered necessary to further reduce the rates we charge.

APPENDIX 4.

CHAMBER'S REPRESENTATIVE ON THE LOCAL ADVISORY COMMITTEE OF THE B. B. & C. I. Railway.

13th September 1926.

(Copy.)

From B. F. Madon Esqr. to the Secretary, the B. B. & C. I. Ry. Advisory Committee, Bombay.

As I find myself unable to spare the necessary time for outside work, I beg to tender my resignation of the membership of the above Committee. While doing this, I would also like to express my deep appreciation of the uniform courtesy and attention that has been extended to me by the Chairman and other members of the Committee.

Kindly do needful.

Yours faithfully,

B. F. MADON.

No. T. 1880, 18th September 1926.

From Chamber to B. F. Madon, Esq., Bombay.

I am directed to inform you that your resignation as the Chamber's representative on the local Advisory Committee of the B. B. & C. I. Railway has been accepted.

No. T. 1882, 18th September 1926.

From Chamber to the Agent, B. B. & C. I. Ry. Bombay.

I am directed by my Committee to inform you that they have nominated Sir Purshotamdas Thakurdas, Kt., C.I.E., M.B.E., M.L.A., as their representative on the Local Advisory Committee of your Railway in place of Mr. B. F. Madon, resigned.

No. T. 1881, 18th September 1926.

From Chamber to Sir Purshotamdas Thakurdas, Kt., C.I.E., M.B.E., M.L.A. Bombay,

I am directed to inform you that the Committee have nominated you as the Chamber's representative on the Local Advisory Committee of the B. B. & C. I. Railway in place of Mr. B. F. Madon, resigned.

Bombay, the 23rd September 1926.

From the Secretary B. B. & C. I. Railway Local Advisory Committee, to Chamber.

I am desired by the Agent to acknowledge your letter No. T.-1882, dated 18th instant and to note that your Committee has nominated Sir Purshotamdas Thakurdas, Kt., C.I.E., M.B.E., M.L.A., as their representative on the Local Advisory Committee of this Railway in place of Mr. B. F. Madon, resigned.

APPENDIX 5.

CHAMBER'S REPRESENTATIVE ON THE NEW G. I. P. RAILWAY LOCAL ADVISORY COMMITTEE.

No. 11364-K. 377.—Bombay, 11th May 1926.

From Great Indian Peninsula Railway to Chamber

G. I. P. Railway Local Advisory Committee Bombay.

Under Rule 9 of the Rules and constitution of this Committee, the tenure of office of existing members of the Committee expired with the meeting of 6th May, 1926, and it will now be necessary to elect a new Committee to serve for a period of two years with effect from the meeting for the month of June, which will probably be held on the 3rd of that month.

2. I shall be obliged if you will kindly arrange to elect a member to represent your Chamber on the new Committee and advise me early.

No. T. 1132 dated 20th May, 1926,

From Chamber to the Agent the G, I. P. Railway, Bombay.

I am directed by my Committee to acknowledge receipt of your letter No, 11364-K. 377 dated 11th May, 1926 and to inform you that they have nominated the Hon'ble Sir Phiroze C. Sethna, O. B. E., as this Chamber's representative on the new Local Advisory Committee of the G, I. P. Railway.

No. T. 1159, 21st May, 1926.

From Chamber to the Hon'ble Mr. (now Sir) Phiroze C. Sethna, O. B. E.

I am directed by the Committee to inform you that you are appointed a representative of this Chamber on the new Local Advisory Committee of the G. I. P. Railway.

APPENDIX 6.

THE RAILWAY RATES TRIBUNAL.

No. T 331 dated 8th February 1926.

From Chamber to the Government of India, Department of Commerce, Delhi.

His Excellency the Viceroy was pleased to observe in his inaugural speech at the opening of the current session of the Indian Legislative Assembly that it was now possible "to take up another of the recommendations of the Acworth Committee and to establish

some form of rates tribunal to adjudicate upon disputes between Railways and the public on questions of rates and fares levied", and that "a Rates Advisory Committee would be set up for the purpose of investigating complaints of this nature and of reporting to Government upon them." This statement was recently followed by the reply of the Hon'ble Sir Charles Innes to an interpellation in the Legislative Assembly from Mr. Chetty who asked: "Did not the Acworth Committee recommend a tribunal with statutory powers?" The reply of the Hon'ble Member for Commerce was to the effect that the decision to have a body with advisory powers only was the result of prolonged consideration in full consultation with the Central Railway Advisory Committee. "My Committee have read both these statements with feelings of considerable regret as the Railway Rates Tribunal which they have long been expecting and for the appointment of which they have been pressing time after time was not meant to be merely an advisory body. Paragraphs 156 to 161 devoted to the question of the establishment of a Railway Rates Tribunal in the Report of the Acworth Committee make it abundantly clear that the Tribunal was never intended to be an advisory body. The Acworth Committee state in their report that "many witnesses representing not only the Indian public but the Railway Companies" were unanimous in demanding a Railway Rates Tribunal. What they demanded was not merely a camouflage as the Advisory Tribunal now proposed with merely advisory powers but a real Tribunal with power to adjudicate as between the Railways and the general public. The Acworth Committee said that the constitution recommended by all these witnesses was practically identical with that recommended for the same duties in England and they accordingly recommended the establishment of a Rates Tribunal consisting of an experienced lawyer as whairman and two lay members, This Committee has also indicated the powers to be wielded by this Tribunal and the jurisdiction to be exercised by this Tribunal and that it was never meant by the Committee to be merely advisory is clear from paragraph 161 where they recommend the provision in the Act creating such Tribunal of the possibility of an appeal to the Governor-General in Council against the decisions of such Tribunal.

My Committee are, therefore at a loss to understend why Government have set aside this very clear recommendation of the Acworth Committee for a Tribunal on the same lines and with similar powers as in England and they are afraid that Government are moved to the course of action suggested in the speech of His Excellency the Viceroy and the statement of the Hon'ble Sir Charles Innes by pressure from vested interested represented by Company—managed Railways, through an unreasonable nervousness on their part regarding the effect of so-called political consideretions on rates. This view of my Committee is strengthened by the fact that Sir Lawless Hepper speaking at the annual meeting of the Indian Railway Conference Association in 1922 spoke as follows :— * * * * * * * * "It is evident that the constitution of any rates tribunal and the regulations fixing its functions and jurisdictions will require the most careful consideration. The risk of permitting railway policy in the matter of rates to be influenced by industrial controversy or political consideration is, I trust, a remote one at the present time, but there are indications that such a risk does exist and it must not be lost sight of since any such interference would have far reaching results which must well be disastrous to the progress and development of the country."

My Committee beg to urge that no such considerations should move the Government to take a narrow view of the functions of the proposed Tribunal and that it should be constituted with full powers to regulate and modify rates in a way that is equitable to all interests concerned and will at the same time conduce to the greatest economic development of the country,

---

No. 1391 T., dated Delhi, the 1st of April 1926.

From the Railway Board to Chamber.

(i) *Constitution of a Rates Advisory Committee,*
(ii) *Reduction in rates for long distance coal*
(iii) *Rates on goods booked from Sholapur.*

In continuation of Railway Board's letter No. 1391-T, dated 19th November 1925 and with reference to your letter No. T-331

dated 8th February 1926 to the address of the Secretary to the Government of India, Department of Commerce, which has been transferred to this Department for disposal, I am directed to offer the following remarks on the points mentioned therein:—

(i) *Rates Advisory Committee*—

With the concurrence of the Central Advisory Council for Railways the Government of India have decided to constitute a Rates Advisory Committee in the first instance as it was considered that until experience had been gained this was the right method of proceeding. In this connection attention is invited to the Government of India, Railway Department Resolution No. 606-T., dated 25th March 1926 (copy enclosed for ready reference).

(ii) *Rates for long distance coal*—

The matter has had the careful attention of the Government of India and it has been decided that on distances exceeding 400 miles the rate of freight for public coal should be reduced to the rate in force for locomotive coal, which means a reduction on an average of about 10 per cent. There is no intention at present of making any further reduction.

(iii) *Rates on goods booked from Sholapur*—

In the cases referred to by the merchants of Sholapur enquiry showed that the special rates in force had in every instance been necessitated by adjustment with rival competitive routes which factor does not operate in the case of Sholapur.

RAILWAY DEPARTMENT.

(Railway Board)

RESOLUTION.

Delhi, the 25th March, 1926.

No. 606-T.—In pursuance of the recomendation of the Indian Railway Committee the Government of India have decided to appoint a Railway Rates Advisory Committee to investigate and make recomendations on :—

(1) Complaints of "undue preference"—Section 42 (2) of the Indian Railways Act;

(2) Complaints that rates are unreasonable in themselves;

(3) Complaints or disputes in respect of terminals—Section 46 of the Indian Railways Act;

(4) The reasonableness or otherwise of any conditions as to packing of articles specially liable to damage in transit or liable to cause damage to other merchandise;

(5) Complaints in respect of conditions as to packing attached to a rate; and.

(6) Complaints that railways do not fulfil their obligations to provide reasonable facilities under Section 42 (3) of the Indian Railways Act.

2. Sir Narasimha Sarma, lately Law Member of the Executive Council of the Governor General, has agreed to serve on the Committee as President and there will be two Members, one representing Commercial interests and one representing Railway interests. The Railway Member will be Mr. S. D. Manson, at present Director of Traffic with the Railway Board, and it is proposed to select the Commercial representative for individual investigations from panels elected or nominated by the principal Commercial bodies.

3. The headquarters of the Committee will ordinarily be at Calcutta but it may conduct its investigations at other commercial or industorial centres when this is found more convenient.

4. An application for a reference to the Rates Advisory Committee must be in writing or printed and signed by the applicant or his recognised agent and shall be addressed to the Agent of the railway concerned. Each such application must be accompanied by a deposit of Rs. 100.

5. Within three months of the receipt of such application the Agent of the railway shall prepare a statement of the case and submit it with his observations thereon to the Secretary to the Railway Board.

6. After consideration of the application and the Agent's observations thereon, the Government of India will determine whether or not it should be referred to the Rates Advisory Committee for consideration.

7. Should the Government of India be of opinion that the application ought not to be referred to the Rates Advisory Committee, the applicant will be informed accordingly.

8. Should the Government of India be of opinion that the application ought to be referred to the Rates Advisory Committee, the respective parties thereto will be so informed, and the Committee will be instructed to deal with it.

9. If, before the expiry of the said three months, the Agent is able to dispose of the matters raised in the application to the satisfaction of the applicant and the applicant withdraws his application in writing, such application need not be referred to the Government of India and the deposit shall be refunded.

10. After receipt of an application and the observations of of the Agent thereon from the Government of India the Rates Advisory Committee may if they consider it desirable furnish the applicant with a copy of the observations, and the applicant shall be at liberty within 14 days after he shall have received such copy to reply thereto as he may be advised.

11. The Rates Advisory Committee shall fix the date, time and place for the hearing of each application and notify the same to the parties concerned.

12. The Committee after the case has been heard shall deliver its opinion regarding all the points raised therein and state the grounds on which such opinion is based and forward the opinion for consideration by the Government of India in the Railway Department. The applicant will be notified of the final orders passed on his application.

13. The President of the Committee and the Railway Member will begin immediately with the preliminary work of the Committee and notification will be made in due course of the date from which applications for reference to the Committee may be submitted.

P. H. MAFLIN

Secretary Railway Board

No. T.-1005, 24th April 1926.

From Chamber to the Secretary, Railway Board, Government of India, Simla.

I am directed to acknowledge receipt of your letter of the 1st April 1926, No. 1391-T.

With regard to the constitution of the Railway Rates Advisory Committee, my Committee consider that the constitution is very defective in that there are only two permanent members one of whom will represent the Railway interests. My Committee are of opinion that there should also be atleast one permanent member thoroughly conversant with Railway questions as they affect trade and industry if their grievances are to have adequate consideration. They accordingly beg to suggest that it should be composed of three persons of whom one should be an Indian businessman who must be a permanent member and not chosen from the panel for each separate occasion. This Committee of three permanent members may be assisted, if necessary, by one or two men chosen from the panels elected or

nominated by the principal commercial bodies for particular questions and who may act for the occasion something like assessors. My Committee hope that their suggestion will be accepted in the interests of trade and industries of this country, as they feel that while the "advisory" character of the Committee is a great disappointment to the commercial community, even such an Advisory Committee will inspire much more confidence if it contains atleast one member who may be counted on to understand and look at questions that come before him from a businessman's point of view.

No. 1679-T., dated Simla, the 4th June 1926.

From the Railway Board to Chamber.

In continuation of this office letter No. 1679-T., dated the 4th May 1926, I am directed to say that the representation made in your letter No. T.-1005, of the 24th April 1926, has received the consideration of the Railway Board, but it has been decided that under the existing circumstances commercial interests will be most suitably represented on the Rates Advisory Committee by selection of a member for individual cases from a panel nominated by the leading commercial bodies in India. In this connection, I am to refer you to Railway Board's letter No. 1679-T., dated the 28th May 1926, asking you to nominate representatives for service on the panel.

No. 1679-T., dated Simla, the 28th May 1926.

From the Railway Board to Chamber.

I am directed to invite attention to the Government of India, Railway Department (Railway Board), Resolution No. 606-T., of the 25th March 1926, regarding the formation of a Railway Rates Advisory Committee, a copy of which is enclosed for your perusal. It will be seen from para 2 of the resolution that it is proposed to select the commercial member for individual investigations from

panels elected or nominated by the principal commercial bodies. The gentlemen thus elected or nominated will ordinarily be borne on a general panel for a period of two years.

2. I am to explain that after careful consideration this procedure has been adopted as being the most suitable way of ensuring the adequate representation of commercial interests on the Committee during its investigations. It is also the procedure which is followed in England when additional or temporary members are required for service on the English Rates Tribunal.

3. The representatives elected or nominated for the panel should be conversant with commercial practice and the practical effect on commercial work not only of railway rates but of conditions under which goods are accepted and despatched and similar matters which affect the conduct of business. It is not anticipated that they will be required for lengthy periods at a time as the preliminary work in connection with each case will usually have been completed before its actual hearing by the Committee. In the circumstances it is thought that the members of your Chamber nominated will not find service on the Committee detrimental to their other interests.

4. The Government of India will appoint the Commercial Member on each occasion and in selecting a representative from the panel regard will be had to the particular case or proceedings to be heard, the intention being that selection will be made of the most suitable member of the panel. It is proposed to allow the representatives so selected a compensatory fee of Rs. 100 per diem while acting on the Committee.

5. I am accordingly to request that 5 representatives may kindly be nominated by your Chamber by the 1st July 1926 for service on the panel.

6. I am to add that a separate communication will be sent in reply to your letter No. T. 1005 dated 24th April, 1926.

No. T. 1266 10th June, 1926.

From Railway Board, Government of India, Simla.

With reference to your letter of the 23th May, 1926, No. 1679 T, I am directed to send to you hereby names of the following five representatives of this Chamber on the general panel in connection with the Railway Rates Advisory Committee :—

(1) Sir Purshotamdas Thakurdas, Kt., C. I. E., M. B. E., M. L. A. Navsari Chambers, Outram Road, Fort, Bombay.

(2) Honourable Mr. Manmohandas Ramji, Shustary Bldg., Elphinstone Circle, Fort, Bombay.

(3) Hon. Mr. Phiroze C. Sethna, O. B. E., Canada Bldg., Hornby Road, Fort, Bombay.

(4) Manu Subedar, Esq., Kodak House, Home Sreet, Fort, Bombay.

(5) Kapilram H. Vakil, Esq., B. A., M. Sc. Tech (Manc), F. I. C., M. I. Chem. E. Navasari Chambers, Outram Road Fort, Bombay.

My Committee also beg to acknowledge receipt of your letter of the 4th June, 1926, No. 1679 T. and say they still consider the procedure adopted by the Government of India with regard to the constitution of the Railway Rates Advisory Committee as faulty. They consider that the suggestions made by them in their last letter would have met the needs of the situation and provided a satisfactory constitution for the Rates Advisory Committee.

(B) SHIPPING.

APPENDIX 7.

MARKING OF PACKAGES CARRIED ON BOARD SHIPS.

No. 962/M, Bombay Castle, 17th May 1926.

From the Government of Bombay, Marine Department to Chamber,

I am directed by the Governor in Council to forward herewith copies of a letter from the Government of India, No. 712-S, dated the 24th April 1926, and accompaniment, on the above subject, and to request that you will be so good as to favour Government with the views of your Chamber as early as possible.

No. 712-S, Government of India, Department of Commerce, Simla, the 24th April 1926.

From Rai S. N. Banerji Bahadur, B.A., Assistant Secretary to the Government of India.

To the Secretary to the Government of Bombay, Marine Department.

Subject :—Marking of the weight of packages carried on board ship.

SIR,

I am directed to forward a copy of the communication cited on the margin on the above subject, and to request that the local Government will consult the Port Trusts, Bombay, Karachi and Aden, and such commercial opinion as may be desirable, and furnish the Government of India with their views.

Letter from the International Labour Office, No. H-466-7, dated the 4th March 1926.

I have the honour to be,

Sir,

Your most obedient servant,

(Sd.) S. N. Banerji,

Assistant Secretary to the Government of India.

No. H. 400/7, dated the 5th March, 1926.

From The International Labour Office, Geneva.

To the Secretary to the Government of India, Department of Industries and Labour, Delhi.

The question proposed to the Governing Body of the International Labour Office for inclusion in the agenda of the 1927 Session of the Conference included a special question concerning the safety of workers engaged in loading and unloading vessels, namely, the marking of the weight of packages carried on Board ship.

This question, which was proposed to the Governing Body by the German Government, seems capable of International regulation by means of a Convention, and such a Convention, if adopted, would certainly decrease the number of accidents occurring in the loading and unloading of vessels.

The Governing Body accordingly decided to consider the question with a view to its possible inclusion in the agenda of a future Session of the Conference.

At the same time, the Governing Body felt, that before being placed on the agenda of the Conference the question should be the subject of preliminary study by the International Labour Office and instructed the office to carry out this study.

In accordance with this decision the office has undertaken a study of the question and is now proceeding to collect as complete information as possible on the experience gained in the various countries regarding the matter.

In order to assist in the collection of this information, I should be much obliged if you would be so good as to forward to me copies of any laws or regulations which may have been adopted in your country rendering compulsory the marking of the weight of packages to be carried on board ship. I should also be grateful to receive any observations or information that you might be so

good as to forward me concerning the question. I should be particularly glad to be informed of the practical results of the application of such regulations as may have been laid down.

No. T, 1265, 10th June 1926.

From Chamber to the Government of Bombay, Marine Department.

With reference to your letter of the 17th May 1926, No. 962-M, the Committee of this Chamber are of opinion that the procedure suggested in the accompaniments to your letter would increase expenditure and lead to serious disputes between buyers and sellers every time. There are no such rules in vogue at present. My Committee beg, therefore, to urge that no steps should be taken on the lines indicated in the accompaniments to the letter of the Government.

APPENDIX 8.

LIFE-SAVING APPLIANCES ON PILGRIM SHIPS.

No. 3082/2184-C., Bombay Castle, 19th March 1926.

From Government of Bombay, General Department to Chamber.

I am directed by the Governor in Council to forward, for information of your Chamber, a copy of the notification No. 184, dated the 8th February 1926, issued by the Government of India and to request that you will be so good as to communicate to Government by the 1st of May 1926, at the latest, any observations which your Chamber may desire to make.

No. T, 1417, 7th July 1926.

From Chamber to the Government of Bombay, General Department, Bombay.

I am directed by my Committeee to acknowledge receipt of your letter Nos. 3032/2184-C, dated the 15th March 1926, inviting the views of this Chamber on the abovementioned subject, and to inform you that they have no views to offer with regard to the same.

APPENDIX 9.

REVISION OF THE PERIOD OF LOAD LINE REGULATIONS.

No. 36-S(3). Delhi the 18th February 1926.

From Government of India, Department of Commerce to Chamber.

The Board of Trade have intimated that, subject to any remarks which the Government of India, may have to offer, they propose to adopt the recommendations of the Load Line (Zones) Committee, 1924. It will be seen from the copy of the Report of this Committee which is enclosed, that they recommended that the "Indian Summer" period for both the Bay of Bengal and the Arabian Sea should be restricted to the period 1st January to 30th April, the remaining months of the year being classed as "Summer" period. Considering that the "Indian Summer" period for the Bay of Bengal extends at present from the 15th November to the 25th May and for the Arabian Sea from the 1st September to the 25th May, the action which the Board of Trade propose to take will restrict considerably the period classified for load line purposes as "Indian Summer." The Government of India have therefore asked the Board of Trade to postpone their proposed action for the time being to enable Local Governments and commercial interests being consulted.

2. In this connection I am to state that the replies received to the letter from this Department No. 6550, dated the 29th November 1923, showed that while Local Governments were generally in favour of the adoption of the recommendation made by the Court of Enquiry into the loss of the S. S. "Okara" that the "Summer" period should be extended to cover the period 1st May to 30th November, the commercial interests were opposed to any change being made. Copies of these replies were sent to the India Office at the time, but these reached the United Kingdom too late to enable them to be plated before the Load Line (Zones) Committee. That Committee had, however, been furnished with a copy of the "Okara" Committee's report some time previously, and there is no doubt that they fully considered the views expressed therein before they came to the conclusions embodied in their Report. The Board of Trade now state that after fully considering the different views expressed by the Local Governments and commercial bodies in India they propose to adhere to the recommendations of the Load Line (Zones) Committee. They are not likely therefore to recede from this position unless very much stronger reasons than those already put forward can be adduced.

3. In considering this question it should be remembered that if the "Indian Summer" and the "Summer" periods recommended by the Expert Committee are adopted in the United Kingdom, it would be advisable to follow the same course for the purposes of load line certificates granted in this country as a difference of practice in this respect between the United Kingdom and India can only result in inconvenience to ships trading between India and the United Kingdom and other parts of the British Empire which follow the United Kingdom rules. Unless therefore the local commercial interests have any new reasons to urge, the Government of India propose to request the Local Governments to alter the existing rules in force in India on the lines of the recommendations of the Load Line (Zones) Committee.

4. I am to request that the Government of India may be favoured with the views of your Chamber by the 1st April 1926, a

copy of your letter being furnished at the same time to the Local Government.

No. T-1051, 4th May 1926.

From Chamber to the Government of India, Department of Commerce, Simla.

With reference to your letter of the 18th February 1926, No. 36 S(3), I am directed by the Committee of this Chamber to inform you that my Committee cannot change the opinion expressed by them in their letter of the 14th January 1924, No. T. 63 in reply to your letter No. 6530 dated 29th November 1923. They are of opinion that the Indian Summer period should be considered to run from the 1st December to 30th April. The proposed recommendation of the Load Line Committee will, in the opinion of my Committee, prove injurious to the Indian shipping trade, because these new regulations will take away two months and ten days from the Indian Summer period so far as the Bay of Bengal is concerned. This means that if a shipping company berthing one steamer per month at Calcutta and on the supposition that it will be able to load down to her mark, it would be carrying about 450 tons less in three steamers owing to the change in the period. As regards the Arabian Sea four months and five days are taken away from the Indian Summer period as laid down at present. Here again on the supposition that a shipping company is loading the steamer up to her mark it may have five steamers at Karachi which will carry 750 tons less. As regards Burma ports, a shipping company will be losing about 2,500 tons of cargo owing to the change in the period if it is berthing about fifteen steamers during the period in question. All this will mean a big loss of freight to shipping companies, and my Committee are unable to see any justification for imposing such hardship and loss on Indian shipping companies as this drastic curtailment of the periods will lead to. My Committee, therefore, hope that if there is to be any change made at all in the present regulations and practice the Indian Summer period should be fixed from 1st December to 30th April.

APPENDIX 10

PREPARATION AND CONSIGNMENT OF SHIPING DOCUMRNTS AT BEIRA.

(Portuguese East Africa,)

No. 535, 22nd January, 1926.

From Director-General of Commercial Intelligence and statistics, Calcutta, to Chamber.

Preparation and consignments of shipping documents.

I enclose for your information and for such action as you may consider suitable copy of the letter together with enclosure received in this department from His Majesty's Vice Consul, Beira, Portuguese East Africa, on the above subject.

Copy of letter No. 639-17-25. dated the 4th December, 1925 from His Majesty's Vice-Consul, Beira, Portuguese East Africa, to His Britannic Majesty's Trade Commissioner, P. O. Box 683, Calcutta.

I have the honour to enclose herewith a copy of a letter, which is self explanatory, from the British Firms of Allen. Wack and Shepherd, Ltd., Beira, and to state that any assistance which you can give with regard to the matter will be greatly appreciated.

ENCLOSURE TO ABOVE.

Copy of letter dated the 30th November, 1925, from Messrs Allen Wack & Shepherd Ltd. Beira, Portuguese East Africa, to His Britannic Majesty's Vice-Consul, Beira.

We bring to your notice a matter which we think is of some importance to British Merchants in Portuguese Territory, Rhodesia and Nyasaland, in the hope that you may be able to advise us

what course to adopt, or even of taking up the matter yourself through the proper channel with a view to remedying same, if possible.

At the present moment considerable shipping is conducted from India and Japan to this port and cargo so arriving, owing to the lack of the necessary precaution in preparing consignments and shipping documents, generally leads to considerable trouble at this end. We refer particularly to cargo from Calcutta, Bombay, and Japan. As a rule shipments of Cotton Goods and Kaffir Truck are carried by steamship Companies at measurement weight, which is quite proper so far as the steamship Company is concerned, freight being charged on measurement weight. No effort however appears to be taken to ascertain or to show on the shipping documents the actual avoirdupois weight, and when the latter is not given it is impossible for a Forwarding Agent to ascertain whether the exact weight shipped is actually received at Beira, or whether there has been any pilferage on route. The result is that general dissatisfaction is expressed with the landing of this cargo at Beira, while we on our part find the utmost difficulty in establishing any claim either against the Shipping Company or the landing contractors for shortages unless we open every package and make an actual count of the contents, which latter is not a fair service to expect from any Forwarding Agent, while it is not conducive to despatch.

Would it not be possible for representations to be made to Eastern Shippers through their Associations or Chambers of Commerce with a view to some improvement being introduced. Eastern Shippers, we would suggest, should in addition to give the steamship Company the measurement of their cargo also give its actual weight and thereby establish responsibility for the safe-carrying and delivery at this end of the actual weight.

With regard to grain bags, these invariably arrive either insufficiently marked or bearing no marks at all. As a rule, when marked the marks are those of the Mills in which they are manufactured and convey no information whatsoever to the forwarding

agent here. We might expect to be informed that Consignees have relative documents in their possession to guide them, but in actual practice they never have. Documents when they are posted on the ship carrying the grain bags are only brought as far as Durban and handled by the Shipper's Agents or the Banks there. They seldom or ever reach Beira before the ship carrying the Grain Bags. The result is that consignments lie at Beira incurring very heavy storage charges until some one wakes up to the fact that they should have or are expecting grain bags. In actual practice many consignments are cleared on Bank guarantee for want of documents even after storage has accrued and consignments traced.

We would suggest that, with regard to grain bags, consignees' marks be put on the bales instead of or in addition to the Mill marks.

We should mention that the foregoing does not affect only our organisation, but is common to every firm engaged at the port.

We should be glad to have the benefit of your advice as to whether you would care to bring the above matters before the notice of the Trade Commissioner' or other proper Department, or make some suggestion to us as to how best we should go about matters to have them remedied.

With thanks for your co-operation and assistance.

No. T.-246, dated 3rd February 1926.

From Chamber to the Director-General of Commercial Intelligence and Statistics, Calcutta.

I have to acknowledge, with thanks, the receipt of your letter No. 535 of the 23rd January 1925, with its enclosure, and to inform you that the contents of the same will be circulated among the members of the Chamber for information.

No. T. – 469, dated 25th February 1926.

From Chamber to the British Indian Colonial Merchants, Association, Bombay.

I enclose herewith a copy of a circular (both in Gujerati and English) which was circulated among the members of this Chamber regarding Consignment of goods to Beira (Portugese E. Africa), for your information.

APPENDIX II.

EMBARKATION AND LANDING DIFFICULTIES AT MINOR INDIAN PORTS.

No. T-1549, dated 28th July 1926.

From Chamber the Government of India, Department of Commerce, Simla.

I am directed by this Chamber to draw the attention of the Government to the great necessity of appointing a Committee to enquire into the very unsatisfactory arrangements at various minor ports with regard to embarkation and disembarkation of passengers. The question was considered by the Deck Passengers Committee appointed by the Government in 1921. The question of embarkation and disembarkation of passengers did not form one of the specific terms of reference of that Committee but it was considered by them as more or less one of the side issues, Their views on this question were expressed in paragraphs 50 and 51 of their report. Though this question was only cursorily considered by them and they did not go deep into it, the facts they presented in those two paragraphs were of such a character as to justify action being taken on them in the interests of passengers. Unfortunately the Committee themselves were lukewarm about this question as appears from the following sentence forming the conclusion of their second paragraph on the question:—

"Expert witnesses whilst agreeing that the present methods of embarkation and disembarkation at the steamers caused great inconvenience and often hardship, were unable to indicate any certain or easy remedy."

The Government also did not consider it necessary to take any action with the result that the conditions as regards embarkation and disembarkation on all the coasting ports whether in British India or Indian States have even grown worse than what they were when the Deck Passengers Committee made their report. My Committee believe that the question was considered by the Deck Passengers Committee appointed by the Government of Burma in 1917, but do not know what were the conclusions arrived at by that Committee, Anyhow, the matters have reached a stage when it is absolutely essential that the question be more closely looked into by the Government of India. There are ports where these arrangements are of the crudest character such as cannot be tolerated in any civilised country. My Committee know of cases, where, when the sea is running high, the boat is pushed near the steamer and passengers, if they want to disembark, have been practically thrown into the boat when it rises on the crest of a wave. If, unfortunately, the wave has gone down, the boat crashes and with that the passengers, and there have been instances where costly luggage is lost and serious accidents happened to passengers among whom, it may be mentioned, there is a large proportion of women and children. The recent harbour incidents which happened near Cutch-Mandvi and Madras, also show how the defective arrangements at present for embarkation and disembarkation of passengers are fraught with grave dangers to the life and property of passengers.

My Committee feel that incidents like those mentioned above cannot have failed to draw the attention of Government and they would be much obliged if you will be kind enough to let them know what action, if any, Government propose to take or have already taken to improve the embarkation and disembarkation facilities.

No. 758—S., Delhi, the 9th December, 1926.

From the Government of India, Department of Commerce to Chamber.

I am directed to refer to your letter No. T/1549, dated the 28th July, 1926, in which you ask to be informed with reference to the recent incidents near Cutch-Mandvi and Madrass, what action, if any, Government propse to take or have already taken to improve the facilities in regard to embarkation and disembarkation of passengers at the various ports in India where ships have to lie out in the stream or in an open roadstead. In this connection you point out that the Deck Passengers Committee touched briefly on this question in their Report and you suggest that Government now appint a further Committee to go into this matter.

2. In reply I am to say that the Government of India realise that embarkation in an open roadstead in and out of a ship in anything but very fine weather must be inconvenient and uncomfortable. But at places where ships cannot come alongside but have to lie in an open rordstead it is not possible to build piers and jetties, and embar ation and disembarkation has nesessarily to be effected by means of boats. This is an inevitable incident of sea travelling and is not confined to the coasts of India. Generally speaking the boats round the coasts of India are peculiarly well suited for this work and are very well handled A system of licensing of boats used for the embarkation and disembarkation of passengers exists in most ports in British India and no licenses are granted to boats unless they are seaworthy and have adequate crew and equipment. Regulation to prevent overloading and overcrowding of passengers have also been issued. The extremely small number of accidents that occurs clearly proves the efficiency of the existing system. The "Vita" tragedy to which you refer, was not in any way due to any defect in the existing system but to the fact that the machwa fouled the propellers of the ship, an accident which could not have been prevented by any legislative machinery that could be devised.

3. The Government of India do not, therefore, think that any useful purpose will be served by appointing a Committee to enquire

into the existing arrangements at various minor ports for embarking and disembarking passengers. At the same time they recognise the importance of the subject and they are asking Local Governments to consider whether any action can usefully be taken to improve the existing facilities for the embarkation and disembarkation of passengers at ports where ships cannot come alongside a pier or jetty and have to lie in a roadstead.

APPENDIX 12.

PROPOSED AMENDMENTS IN INDIAN WIRELESS TELEGRAPHY (SHIPPING) RULES.

No. 1361-S, Bombay, 5th October 1926.

From The Port Officer of Bombay, to Chamber.

As a result of negotiations between the Government of India and the Board of Trade, London, with a view to making the "Exempted Voyages" in the Indian Coasting Trade for purposes of the Wireless Telegraphy Equipment comparable to the "Exempted voyages" according to the Board of Trade Rules; and requiring on board British ships registered in India and subject to the Indian Wireless Telegraphy (Shipping) Rules, similar wireless Telegraph Equipment to British Ships registered in the United Kingdom plying in the Indian Coasting Trade, which are subject to Board of Trade Rules, the Government of India has under consideration the amendment of the Indian Wireless Telegraphy (Shipping) Rules so as to bring these rules into line with the Board of Trade Rules, which are to be modified so as to include as equivalent to coasting trade, trade between Ports in British India and Ceylon but not to Aden.

2. The Government of India suggest that in the Fair season, ships trading between ports in India and Ceylon which ordinarily keep within twenty miles of the coast line might be exempted but

are doubtful whether during the Foul season any voyages in the Indian Coasting trade can be regarded as comparable to the exempted voyages of the United Kingdom.

3. The Government of India have also considered the desirability of excluding voyages across the Bay of Bengal from the definition of "coasting trade" for the purpose of these rules. They are impressed with the reluctance of the Board of Trade to regard such voyages as coasting voyages, and they feel bound to admit that, in the foul season especially, it is doubtful whether the Wireless Regulations should be relaxed. They understand, however, that there might be some immediate difficulty in providing the necessary number of operators for this trade, if it were treated at once as Class I.

4. Under the orders of Government, I am to request that you will be so good as to favour me with your views on the proposed amendment of the Schedule of exemptions to the obligations imposed by the the Indian Merchant Shipping Act, 1923, as now suggested by the Government of India and I attach hereto a list of the routes at present exempted by the Board of Trade from obligations imposed by the Merchant Shipping Act, as regards Wireless Telegraphy.

List of Routes exempted from obligations imposed by the Act.

Under the provisions of section 1 of the Merchant Shipping (Wireless Telegraphy) Act, 1919, the Board of Trade after consulting the Merchant Shipping Advisory Committee, have issued an Order exempting vessels employed on the following routes from the obligations imposed by that Act:—

(1) Excursion steamers plying from Oban.

(2) Steamers engaged in trading between Oban and the Island of Lismore.

(3) Steamers engaged in trading between Tobermory and Staffa during fine weather in the summer months.

(4) Vessels plying from Oban round the Island of Mull by way of Tobermory, Staffa and Iona or in the reverse

direction during daylight, in summer and in fine weather.

(5) Vessels plying between Islay and West Tarbert.

(6) Vessels plying between Oban and Tobermory.

(7) Vessels plying between Portree and Kyle.

(8) Vessels plying between Kyle and and Mallaig.

(9) Excursion steamers plying in the Clyde.

(10) Steamers plying between Ardrossan and the Island of Arran.

(11) Excursion steamers plying from Blackpool and Fleetwood.

(12) Excursion steamers plying from Liverpool.

(13) Excursion steamers in the Bristol Channel employed on routes which take the vessel never more than five miles from land to the westward of a line drawn from Nash Point to Huststone Point.

(14) Excursion steamers plying from Falmouth.

(15) Excursion steamers plying from Playmouth.

(16) Excursion steamers plying from Weymouth.

(17) Excursion steamers plying from Southampton.

(18) Vessels engaged in trading in the summer months between St. Brieux and Cherbourg.

(19) Excursion steamers plying from London.

(20) Excursion steamers plying from London to Harwich and on to Yarmouth if voyage is undertaken on same day (and any two similar steps).

(21) Excursion steamers plying from Harwich.

(22) Vessels engaged in the ferry service across the Pentland Firth.

(23) Vessels engaged in trading between Kirkwall and the North Islands of Orkney.

(24) Vessels engaged in making short trips between the Shetland Islands.

The expression "excursion steamers" means steamers plying within the Excursion Limits as defined in the Board of Trade Instructions as to the Survey of Passenger Steamships, 1922.

No. 1386-S., dated Bombay, the 8th October 1926,

From The Port Officer of Bombay to Chamber.

With reference to this office letter No. 1361-S., dated the 5th October 1926, I am directed to inform you that pending the necessary amendment of the Board of Trade Wireless Telegraphy Rules to include in the Schedule of "Coasting Trade", trade between Ports in British India and Ceylon but not to Aden, the Government of India have been authorized for the purposes of the Board of Trade Rules to treat ships registered in the United Kingdom which are engaged in such voyages as engaged in the Coasting Trade.

Ships registered in the United Kingdom engaged in voyages not accepted by the Board of Trade as equivalent to "Coasting Trade" will henceforward be treated as Class I if carrying 200 persons or more.

It is considered that in the Board of Trade proposed amendment of the Wireless Telegraphy Rules the word "India" should appear in place of "British India"; the point is being referred to the Board of Trade and meanwhile the rules will be applied on the assumption that this amendment will be accepted.

No. T.-2306., dated the 23rd November 1926,

From Chamber, to the Port Officer of Bombay.

With reference to your letter No. 1361-S., dated the 5th October 1926, I am directed to send hereby the views of the Committee of this Chamber on the above subject.

Your communication raises two important issues. The first refers to the proposal of amending the Wireless Telegraphy Rules made by the Board of Trade with a view to provide for the scheduling of trades outside the United Kingdom as being equivalent to coasting trade for the purpose of their rules. The second deals with the question of making such amendments in the Indian Wireless Telegraphy (Shipping) Rules as will bring them into line with the Board of Trade Rules to be modified in the manner proposed. My Committee have no objection to the former proposal. They may be allowed, however, to suggest that voyages between ports in British India, including Burma and Ceylon and also the Straits Settlements should be construed by the Board of Trade also as it is construed by the Government of India as coasting voyages for the purpose of their rules. They agree with the suggestion that Aden should be excluded from the itinery of voyages described as coasting voyages.

My Committee share the feelings of the Board of Trade on the grounds of human safety that voyages across the Bay of Bengal should not be construed as coasting voyages either in the fair or the foul season and agree with them that such voyages should be excluded from the definition of coasting trade.

My Committee also agree with the view taken by the Government of India that as far as the fair season is concerned, ships trading between ports in India and Ceylon, which ordinarily keep within 20 miles of the coastline, might be exempted from the obligation of carrying the necessary wireless apparatus etc. under Section 242 of the Indian Merchant Shipping Act but that during the foul season no such ships should be exempted from such an obligation. They would, however, like to add that even during the foul season vessels which ordinarily keep within 5 miles of the coastline, should be exempted from the obligation of carrying wireless apparatus etc.

My Committee further agree with the suggestion that the Indian Wirless Telagraphy (Shipping) Rules should be so amended as to bring them in line with the Wireless Telegraphy Rules of the Board of Trade so far as they are modified in the manner suggested above.

The Government of India appear to suggest that there may be some immediate difficulty in providing the necessary number of operators if ships carrying more than 200 persons across the Bay of Bengal are treated as Class 1. My Committee understand that such ships registered in the United Kingdom come under Class I according to the Rules of the Board of Trade but they have been up to now, through mistake, treated as Class II under the Indian Wireless Telegraphy Rules which do not legally apply to them. My Committee however, think that the question of human safety should over-ride all other considerations and that it will not be difficult to obtain such operators in this country if facilities for the training are made available in this land. They therefore strongly hold that it is the duty of the Government of India to provide facilities for training Indians in Wireless Telegraphy. They are extremely sorry to note that at present no such facilities exist in this country. My Committee, therefore, beg to urge upon the Government of India the immediate necessity of providing facilities for giving training in this subject in India. Not only will it open a new career for young Indians but it will also supply the number of Wireless Operators which may be required for ships coming under Class I and plying in the coasting trade of this country. My Committee also consider it essential that the Government of India should take the necessary steps in due course for making it obligatory on ships plying on the coast of India to appoint Indians who may have obtained the necessary certificates of competency as their wireless operators.

No. 1617-S. of 1926 Bombay, 26th November 1926.

From the Port Officer of Bombay to Chamber.

I have the honour to acknowledge, with thanks, the receipt of your letter No. T. 2306, dated the 23rd November 1926, setting forth your Chamber's views regarding the proposed amendment of the Indian Wireless Telegraphy (Shipping) Rules, which have been duly transmitted to the Government of Bombay in the Marine Department for the information of the Government of India.

APPENDIX 13.

THE BILL REGARDING LIGHT HOUSES ADMINISTRATION IN INDIA.

No. 530-1238-M., Bombay Castle, 6th September 1926.

From the Government of Bombay, Marine Department, to Chamber.

I am directed by the Governor in Council to bring to the notice of your Chamber the accompanying Bill, on the subject noted above, which the Government of India intend to discuss in the course of autumn next with shipping and other interests principally affected.

No. 80-S. (4).

GOVERNMENT OF INDIA.

DEPARTMENT OF COMMERCE.

From the Hon'ble Mr. J. L. Corbett, C.I.E., I.C.S.,
Secretary to the Government of India,

To the Secretary to the Government of Madras, Finance (Marine) Department, Bombay, Marine Department, Bengal, Marine Department, Burma, Finance and Revenue Department, Bihar and Orissa, Revenue Department.

Simla, the 28th August 1926.

Sir,

I am directed to address you on the subject of lighthouse administration in India. Local Governments were previously addressed on this subject in this Department's letter No. 5948, dated the 11th November 1922, and their replies have been considered by the Government of India. The matter was further discussed at the

Ports and Shipping Conference held at Delhi in November 1924. Subsequently a draft Indian Lighthouse Bill was prepared with the advice and assistance of the Board of Trade and the Elder Brethren of the Trinity House. Before proceeding further with this Bill, a copy of which is appended to this letter (Appendix I), the Government of India desire to obtain the opinion of the Government of on its provisions.

2. Under the Devolution Rules, "lighthouses (including their approaches), beacons, lightships and buoys" are a central subject, but are now administered by local Governments as agents of the Government of India under the rules made under section 45-A(I) (c) of the Government of India Act. Statutory powers are also vested in local Governments by the Burma, Madras and Sind Coast-lights Acts. The object of the present Bill is to vest in the Governor General in Council the Statutory powers necessary for the discharge of his responsibilities in order that this subject may in future be directly administered by the Central Government.

3. Appendix II gives a brief account of the present system of administration. It will be seen that there are considerable differences from province to province, not only in the method of administration, but also in finance. Light-dues are levied in some provinces, but not in others, and where levied, they vary in the method of calculation, as well as in amount. In Madras there is a separate Coast-lights fund, to which light-dues are credited and from which all expenditure on coast lights is met. The Burma light-dues, on the other hand, are credited to central revenues, and expenditure is met from grants voted by the Indian Legislative Assembly. A *pro forma* account is maintained, but it is not on a commercial basis, and the Accountant General, Burma, has recently reported that an increase of 75 per cent. in the present rate of light-dues would be necessary to balance the account. In Sind, again, light-dues are also credited to central revenues, and expenditure is met from grants voted by the Indian Legislative Assembly, but no separate account is maintained. The annual receipts, however, have hitherto been considerably in excess of the annual expenditure. On the other hand, all light-houses in the Bombay Presidency proper, except the

lights of Bombay Port and its approaches, are financed from the Bombay Minor Ports funds, to which passing trade contributes nothing. The whole cost of the Perim lights and part of the cost of the Aden lights are borne by central revenues, and the Orissa lights are a charge partly on central and partly on provincial revenues.

4. The general principles of the Bill, which it is now proposed to introduce, are based on Part XI of the Merchant Shipping Act, 1894, and the Merchant Shipping (Mercantile Marine Fund) Act, 1898, and parts of the existing Coast-lights Acts are also incorporated. "Lighthouse" is defined so as to include "any light-vessel, siren, fog-signal, buoy, beacon, or other mark or sign of the sea used or exhibited for the guidance of ships," and the definition will, if necessary, be extended so as to cover wireless beacons and wireless direction giving signals. All lighthouses will be classified as either—

(*a*) coast or general lighthouses, or

(*b*) port or local lighthouses.

The superintendence and management of all general lighthouses will be vested in the Governor General in Council. Local Lighthouses will be administered by a local lighthouse authority, which will usually be a port authority. Certain powers of inspection and control over local lighthouses are reserved to the Governor General in Council, as being the general lighthouses authority. Provision is also made for the management of general lighthouses by a local authority, or of local lighthouses by the Governor General in Council, by arrangement and on payment. This would be a matter of convenience and economy. For instance, it has been suggested that the general lighthouse at False Point might conveniently and economically be managed by the Calcutta Port Commissioners on behalf of the Governor General in Council, and on payment by him. Conversely, it has been suggested that some of the local lighthouses in Burma should be managed by the general lighthouse administration.

5. For the purposes of lighthouse administration, it is proposed that the coasts of India should be divided into Districts, based on major ports. The port Officer of the major port would be the Superintendent of Lighthouses in the District, and would be in executive control of the general lighthouse administration. For technical supervision, the Bill provides for the appointment of a Chief Inspector of Lighthouses in British India, and also for the appointment of District Inspectors, who would be engineers, with practical experience of lighthouse engineering. It is considered that a Chief Inspector and two District Inspectors, one for the east and one for the west coast, would be a sufficient technical supervisory staff.

Appendix III outlines a district organisation, and a provisional classification of existing lighthouses as general and local.

6. It is intended that lighthouse expenditure should no longer be a charge on general revenues, but should be covered by dues levied on shipping. The Government of India are of opinion that a separate lighthouse fund, similar to the General Lighthouse Fund in the United Kingdom, would be contrary to the provisions of section 67 A of the Government of India Act. But the Bill provides for the maintenance of a separate account of lighthouse receipts and expenditure, and it is intended that this account should be maintained on commercial lines, showing that expenditure is covered by dues, and that receipts from dues are spent on lighthouse services. The Bill also provides for the appointment of a Central Advisory Committee, which will consist of persons representing the interests affected or having special knowledge of the subject. The Central Advisory Committee will correspond in constitution and functions to the Advisory Committee on Lighthouses in the United Kingdom. The annual accounts and budget will be placed before them, and they will be asked to advise on new works, the position and character of existing lighthouses, the rates of light-dues, rules, and on the lighthouse system generally. District Advisory Committees to advise on local questions may also be appointed, if desirable.

7. The cost of local lighthouses will ordinarily be met, as a

present, from port dues levied under the Indian Ports Act. But clause 9 of the Bill permits receipts from light dues to be used "for the purpose of providing or maintaining lighthouses.....for the benefit of ships voyaging to or from British India or between ports in British India." And grants from the light-dues may be given for the provision or maintenance of local lighthouses which are also used as marks by passing trade.

8. Such, in outline, is the scheme for which the Bill provides. By centralising the administration of general lighthouses, it is hoped not only to relieve local Governments of a troublesome agency, but also to provide a better and more economical service. As already stated, it is intended that lighthouse expenditure should no longer be a charge on general revenues, but should be covered by dues levied on shipping. But if the present system of administration continues, the Government of India are satisfied that effect cannot be given to this intention without a substantial enhancement of existing dues. The position of the Burma account has already been noticed. And shipping on the west of India could not, in any case, continue to contribute little or nothing to the lighting of the coasts. But a central administration, assisted by an Advisory Committee of the interests affected, should, in the opinion of the Government of India, be able to finance an adequate lighthouse service by a moderate charge on shipping. The separate account, which with the advice of the Committee must be made to balance, will impose the necessity of stricter financial control. Expert supervision, which local administrations cannot individually afford, will become possible. A single organisation, operating on a larger unit, should prevent overlapping and effect economies in the purchase of stores, inspection, arrangements for sea-reliefs, and so on. Again, modern developments in lighthouse engineering are directed towards cheapness as well as efficiency, and with technical advice and improved installations recurring expenditure should be reduced. Finally a better and more coherent service should be provided. The lighting of a coast should be conceived as a whole, and not in local compartments.

9. There are, however, three points arising out of the Bill on

which some further explanation seems desirable. These are:—

(1) The extent of the Bill;

(2) The rates of light-dues; and

(3) Control over local lighthouses.

10. *The extent of the Bill.*—The Bill extends to the whole of British India, which is the limit of the legislative power of the Indian legislature. But in addition to lighthouses in British India, the Government of India already administer lighthouses in the Persian Gulf and in the southern part of the Red Sea. And it is possible that they may also be asked to administer the colonial lights at Minicoy and in Ceylon, which are now managed direct by the Board of Trade. It is possible also that some arrangement may be made in respect of lighthouses in Indian States, similar to the arrangement which already exists in Madras. In that event, it may be desired to bring all such lighthouses into a single administration with a common account of revenue and expenditure. The draft organization in Appendix III provides for the possible inclusion of these external lights, which could be effected conveniently and economically, and with a consequent reduction in the charges on shipping in the system as a whole. In order, therefore, to cover a possible extension on these lines, clause 9 of the Bill has been drafted so as to permit the expenditure of light-dues levied in British India on lighthouses "whether within or beyond the limits of British India," provided always that such lighthouses are "for the benefit of ships voyaging to or from British India or between ports in British India."

11. *The rates of light-dues.*—It may be said that there are two alternative systems for the assessment of light-dues. The first is the toll system, which obtained in the United Kingdom previous to 1898, that is, payment "with respect to the lights which a ship passes or from which it derives benefit." The second is the flat-rate system, which was adopted in the United Kingdom in 1898, when the Merchant Shipping (Mercantile Marine Fund) Act was passed. The principle of this system is that every ship which calls at a port in the United Kingdom pays a flat-rate per ton on account of general

lighthouses, subject to a periodical limit or a maximum number of payments per annum, and without reference to the number of lighthouses which it has passed or from which it has derived benefit.

12. The Government of India are advised that the toll system is neither workable nor equitable in practice. It was really an historic survival in the United Kingdom of the time when a single lighthouse might be built by an individual as a private enterprise, and it is not adapted to a large system of lighting under Government control. It is not possible to allocate correctly the cost of each light, and asses the light-due leviable accordingly. The accounting is complicated, involving detailed examination of log-books, in order to ascertain what lights have been passed. And the liabilities of shipowners are frequently in doubt and dispute.

It may be argued that a flat-rate is even less equitable. For instance, in the United Kingdom a ship coming from the south into Southampaton, which passes only one or two general lighthouses, pays the same rate as a ship which goes on, say, to Liverpool or the Tyne. But it is an intelligible principle that every ship which trades with a country should contribute to the cost of maintaining its general lighthouse system. The periodical limit automatically prevents any serious inequity in respect of the number of lights used by any particular ship. It is simple both for assessment and collection, and shipowners know in advance exactly what their liabilities will be. Finally, by distribution of the total cost of the system over a large tonnage, the flat-rate can be kept low.

A group system, based on the existing administration in India would be a possible compromise. That is, a ship would pay a separate due for each group of lights passed. But on the one hand, this would involve all the practical objections to the toll system. It would be difficult to allocate the cost of each group; accounting would be complicated; and shipowners would not always be clear about their liabilities. On the other hand, a group system is not likely in practice to be more equitable than a flat rate. For instance, a ship now trading between Madras and Rangoon passes no general

light in Madras and only two or three in Burma. But it pays light-dues in respect of all the lights in the Madras eastern group and all the Burma lights from Chittagong to Victoria Point. In fact, the group system as a compromise seems to combine the disadvantages of both other systems, without any compensating advantage.

13. The Government of India are, therefore, of opinion that light-dues should be levied on the flat-rate system. Clauses 9 and 10 of the Bill, which are modelled on section 3 of the Sind Coast-lights Act, are even simpler than the provisions of the Merchant Shipping (Mercantile Marine Fund) Act, 1898. It is provided that every ship arriving at or departing from a port in British India shall pay a light-due, not exceeding two annas per net register ton, subject to a periodical limit of thirty days. In effect, the proposal is that every ship trading with British India should receive a pass for thirty days on payment of a flat-rate not exceeding two annas per net register ton. Different rates may be prescribed for different classes of ships. For instance, the rate for sailing ships is usually less than the rate for steamers, on the ground that they move more slowly and consequently use fewer lights in a given period. Special rates for ships in ballast, or for ships putting in for bunkers or stores, or from stress of weather, might also be considered. But these are details on which the Advisory Committee, when appointed, would properly be consulted. Clauses 17(*b*), following the existing Acts, exempts altogether ships of less than thirty tons.

14. It is intended that the flat-rate for each class of ships should ordinarily be the same throughout British India. One exception, however, may be desirable. The position of Aden is peculiar. Though legally part of British India, it is separated by 1,500 miles of sea from the continent of India, and is used as a port of call by ships trading to Australia, East Africa and elsewhere, which do not touch at any port in India proper. It is reasonable that such ships should contribute something to the cost of the Indian lighthouse administration, for they use lights which will be provided and maintained from Indian light-dues. But it is not desirable that the dues

should be so much as to cause ships to pass Aden by or to divert them to other ports of call. It may be necessary therefore, to prescribe special rates for ships which call at Aden only and at no other port in British India. Provision for this has been made in clause 17, which enables the Governor-General in Council by notification to exempt any ship or class of ships from payment of the full rates of dues.

15. Under section 5 (2) of the Merchant Shipping (Mercantile Marine Fund) Act, 1898, the scale of light-dues can be altered at any time by executive Order in Council, without any statutory limit. But in the existing Indian Coast-lights Acts there is a statutory maximum. It is considered that a statutory maximum which can only be exceeded by an amendment of the Act, is a wholesome check on possible extravagance of administration. Clause 10 of the Bill, therefore, provides for a statutory maximum of two annas per net register ton. It must be admitted that this figure has been calculated on estimates both of revenue and of expenditure which, from the nature of the case, can be little better than a guess. The data now available are wholly inadequate for accurate budgetting, and the initial rate must be regarded as frankly experimental. It has been roughly calculated that the annual cost of maintenance of the whole administration, including sea-reliefs and overhead charges, would be about Rs. 14 lakhs. It has also been roughly calculated that the proposed flat-rate would be payable on about 18 million net register tons of shipping per annum, including both foreign and coasting trade. On this assumption, the flat-rate necessary to cover the annual cost of maintenance would be 1¼ annas per net register ton on every ship arriving at or departing from a port in British India with a periodical limit of 30 days. But in addition to maintenance, it will be necessary to make provision for depreciation and reserve. This again cannot be accurately estimated without a valuation of present assests, which will be undertaken, it is proposed, during the forthcoming cold weather. Meanwhile, however, it may be remarked that in the budget of the General Lighthouse Fund in the United Kingdom the appropriation for depreciation

tion and reserve is equal to about 25 per cent of the cost of maintenance. On this analogy, an additional rate of about 4 pies per ton would be necessary for depreciation and reserve in India. Thus it may be taken that the initial rate will be 1½ to 1¾ annas per net register ton. It is proposed, however, to place all the available figures before the Advisory Committee, when constituted, before deciding what initial rate should be notified.

It may be added that the present rate in the United Kingdom is 2¾ pence per ton plus 10 per cent for foreign-going ships, subject to a maximum of six payments in one year; and 1½ pence per ton plus 10 per cent for home-trade ships, subject to a maximum of three payments in one month and ten payments in one year.

16. *Control over local lighthouses.*—As stated in paragraph 4, certain powers of inspection and control over local lighthouses are reserved to the Governor General in Council, as being the general lighthouse authority. The Government of India are not concerned in the ordinary administration of local lighthouses, for which the local authorities will be solely responsible. But they are advised that it is essential for the safety of shipping that certain powers of inspection and control should be reserved to the general authority, for the following reasons:—

(1) There can be no hard and fast line of division between general and local lighthouses. Many local lighthouses are visible from the open sea, and may be picked up by passing ships as well as by ships making a particular port. It is necessary that such lighthouses should be of a distinctive character, and should not clash with adjacent general lighthouses. In fact, as already stated, the lighting of a coast, whether the lighthouses are classed as general or local, must be conceived as a whole, and there must be one authority which can direct, in the last resort, that the light in a particular place shall be of a particular character.

(2) It is also necessary that all lighthouses, whether general or

local, should function according to the description in the official Lighthouse List, as regards distance of visibility, are of illumination, flash, eclipse, and so on. This cannot be ascertained and ensured without the power of inspection and control.

(3) It is essential that any change in local lighthouses should be reported to the general authority, not only for inclusion in the next issue of the official Lighthouse List, but also for immediate notification to mariners.

17. The powers taken in clauses 6 and 7 of the Bill follow generally the powers of general lighthouse authorities in sections 652 and 653 of the Merchant Shipping Act, 1894. In the United Kingdom, however, a local lighthouse authority cannot erect or remove any lighthouse, buoy or beacon or vary its character without the previous sanction of the general lighthouse authority. But the control of the general lighthouse authorities in the United Kingdom is much closer than is possible or desirable in a country of great distances like India. The Bill, therefore, only requires that one month's previous notice of any change should be given to the Governor-General in Council, and also empowers the local lighthouse authority to take immediate action, without previous notice, in cases of emergency.

Statutory power to inspect a local lighthouse is vested only in the Chief Inspector of Lighthouses. No Superintendent or District Inspector may inspect without the order in writing of the Governor-General in Council. It is not intended that the lighting arrangements of the major ports should ordinarily be inspected by anyone but the Chief Inspector, whose technical knowledge and advice will, it is believed, be welcomed by the Port Trusts.

The Bill further provides that a direction by the Governor-General in Council shall only be made after inspection and enquiry, when the Governor-general in Council is satisfied that it is necessary for the safety, or otherwise in the interests, of shipping. The sanction in case of failure to carry out a direction is based on the provisions

of the existing Port Acts, as modified by clause 101 of the Bill which was recently prepared by the Rangoon Port Trust.

18. The rest of the Bill requires no detailed explanation. I am now to request that you will bring the Bill to the notice of commercial bodies in . The intention of the Government of India is to discuss the provisions of the Bill, in the course of the autumn with shipping and other interests principally affected, and then to publish it, with such modifications as may seem desirable, under Rule 18 of the Indian Legislative Rules, with a view to introduction at the next Delhi session of the Legislative Assembly. Meanwhile, the Government of India would be glad to receive any observations on the Bill, which the Government of may desire to offer.

I have the honour to be,

Sir,

Your most obedient servant,

G. L. CORBETT,

Secretary to the Government of India

No. 80-S. (4).

A copy is forwarded to—

The Finance Department.

The Foreign & Political Department.

By order, etc.

S. N. BANERJI,

Assistant Secretary to the Government of India.

APPENDIX I.

A

BILL

TO

Consolidate and amend the law relating to the provision, maintenance and control of lighthouses by the Government in British India.

Whereas it is expedient to consolidate and amend the law relating to the provision, maintenance and control of lighthouses by the Government in British India; It is hereby enacted as follows:—

PRELIMINARY.

Short title, extent and commencement.

1. (*1*) This Act may be called the Indian Lighthouse Act, 1892.

(*2*) It extends to the whole of British India,

(*3*) It shall come into force on such date as the Governor-General in Council may, by notification in the Gazette of India, appoint.

Definition.

2. In this Act, unless there is anything repugnant in the subject or context,—

(*a*) "Customs-collector" means a Customs-collector appointed under the Sea Customs Act, 1878, VIII of 1878. and includes any person appointed by the the Governor-General in Council to discharge the functions of a Customs-collector under this Act;

(*b*) "District" means an area defined as a district for the purposes of this Act under section 3;

(*c*) "general lighthouse" means any lighthouse which the Governor General in Council may, by notification in the Gazette of India, declare to be a general lighthouse for the purposes of this Act;

(*d*) "lighthouse" includes any light-vessel, siren, fog-signal, buoy, beacon, or other mark or sign of the sea used or exhibited for the guidance of ships;

(*e*) "local lighthouse" means any lighthouse which is not a general lighthouse;

(*f*) "local lighthouse authority" means a Local Government, local authority or other person having the superintendence and management of a local lighthouse;

(*g*) "owner" includes any part-owner, charterer, or mortgagee in possession and any agent to whom a ship is consigned;

(*h*) "the Merchant Shipping Acts" means the Merchant Shipping Acts, 1894—1923; and

(*i*) words and expressions used in this Act and not otherwise defined have the same meanings respectively as in the Indian Merchant Shipping Act, 1923. XXI of 1923.

Appointment of Officers.

3. The Governor General in Council may, by notification in the Gazette of India,—

(*a*) define areas to be Districts for the purposes of this Act;

(*b*) appoint a person to be the Superintendent of Lighthouses in each District;

(*c*) appoint a person to be the Chief Inspector of Lighthouses in British India; and

(*d*) appoint persons in each District to be District Inspectors of Lighthouses.

Advisory Committees.

4. (*1*) The Governor General in Council shall appoint a Central Advisory Committee for the purpose of advising him in regard to—

(*a*) the erection or position of lighthouses or of any works appertaining thereto;

(*b*) addition to or the alteration or removal of lighthouses;

(*c*) the variation of the character of any lighthouse or of the mode of use thereof;

(*d*) the cost of any proposals relating to lighthouses; or

(*e*) the making or alteration of any rules or rates of dues under this Act.

(2) The Governor-General in Council may, if he thinks fit, appoint an Advisory Committee for any District for the purpose of advising in regard to any of the matters specified in sub-section (1) in so far as the interests of the District are affected thereby.

(3) Advisory Committees shall consist of persons representing interests affected by this Act or having special knowledge of the subject matter thereof, and the Central Advisory Committee shall include at least one member of each District Advisory Committee elected by that Committee.

GENERAL LIGHTHOUSES.

Management of general lighthouses by the Governor General in Council and delegation of management.

5. (*1*) The superintendence and management of all general lighthouses are vested in the Governor-General in Council.

(2) The Governor General in Council may require any local lighthouse authority to undertake the superintendence and management of any general lighthouse situated in or adjacent to the local limits within which the authority exercises its powers, and shall pay to the authority such sums to defray the cost of Superintendence and management as he may determine.

LOCAL LIGHTHOUSES.

Power to inspect local lighthouses.

6. (*1*) The Chief Inspector of Lighthouses may, at any time, and any Superintendent or District Inspector of Lighthouses may, if authorised in this behalf by a general or special order in writing of the Governor-General in Council, enter upon and inspect any local lighthouse and make such

inquiries in respect thereof or of the management thereof as he thinks fit.

(2) Every person having the charge of or concerned in the management of any lighthouse shall be bound to furnish to any officer authorised by or under sub-section (1) to inspect the lighthouse, all such information regarding the same as the officer may require.

(3) Every local lighthouse authority shall furnish to the Governor-General in Council all such returns and other information in respect of the lighthouses under its supervision and management, or of any of them, as he may require.

Control of local lighthouses by the Governor-General in Council.

7. (1) If after an inspection under section 6 or such other enquiry as he thinks fit, the Governor-General in Council is satisfied that a direction under this sub-section is necessary or expedient for the safety, or otherwise in the interests of shipping, he may direct any local lighthouse authority.

(a) to remove or discontinue or to refrain from moving or discontinuing any lighthouse under its superintendence and management or to make or refrain from making any variation in the character or mode of use of any such lighthouse, or

(b) to erect, place or maintain, or to refrain from erecting, placing or maintaining, any lighthouse within the local limits within which it exercises its powers.

(2) A local lighthouse authority shall not erect place, remove or discontinue any lighthouse or vary the character or mode of use of any lighthouse unless it has given to the Governor-General in Council at least one month's notice in writing of its intention so to do:

Provided that in cases of emergency a local lighthouse authority may take such action as it deems necessary and shall give immediate notice of the same to the Governor-General in Council and, so far as is possible, to all shipping approaching or in the vicinity of the lighthouse.

(3) If a local lighthouse authority—

(*a*) fails to comply with any direction made under sub-section (1), or

(*b*) fails to exercise or perform, or exercises or performs in an improper, inefficient or unsuitable manner, any power or duty relating to the superintendence or management of lighthouses conferred or imposed upon it by or under any law for the time being in force, or

(*c*) fails to make adequate financial provision for the performance of any such duty, the Governor-General in Council may, by order in writing, require the local lighthouse authority to comply with the direction, or to make arrangements to his satisfaction for the proper exercise of the power or performance of the duty, or to make financial provision to his satisfaction for the performance of the duty, as the case may be, within such period as he may specify.

(4) If the Local lighthouse authority fails to comply with an order made under sub-section (3) within the specified period or within such further time as the Governor Ganeral in Council may allow, the Governor General in Council may exercise the power or perform the duty or make the requisite financial provision, as the case may be, and the local lightouse authority shall be liable to repay to the Governor General in Council any expenditure incurred by him in so doing.

Management of local lighthouses by the Governor General in Council.

8. The Governor General in Council may, at the request of a local lighthouse authority, undertake the superintendence and management of any local lighthouse on its behalf, and the local lighthouse authority shall pay to the Governor General in Council such sums to defray the cost of superintendence and management as may be agreed.

LIGHT-DUES.

Levy and collection of light-dues.

9. For the purpose of providing or maintaining or of providing and maintaining lighthouses, whether within or beyond the limits of British India, for the benefit of ships voyaging to or from British India or between ports in British India, the Governor General in Council shall, subject to the provisions of this Act, cause light-dues to be levied and collected in respect of every ship arriving at or departing, from any port in British India.

Rates of light-dues leviable.

10. (*1*) The Governor General in Council may, by notification in the Gazette of India, prescribe rates, not exceeding two annas per ton, at which light-dues shall be payable and may prescribe different rates for different classes of ships.

(*2*) Light-dues payable in respect of a ship shall be paid by the owner or master of the ship on its arrival at and before its departure from any port in British India:

Provided that if light-dues have been paid in accordance with the provisions of this Act in respect of any ship, no further dues shall become payable in respect of that ship for a period of thirty days from the date on which the dues so paid became payable.

Receipts for light-dues.

11. Light-dues shall be paid to the Customs-collector who shall grant to the person paying the same a receipt in writing specifying—

(*a*) the port at which the dues have been paid ;

(*b*) the amount of the payment ;

(*c*) the date on which the dues become payable ; and

(*d*) the name, tonnage and other proper description of the ship in respect of which the payment is made.

12. (*1*) For the purpose of the levy of light-dues, a ship's tonnage shall be reckoned as under the Merchant Shipping Acts, for dues payable on a ship's tonnage, with the addition required under section 85 of the Merchant Shipping Act, 1894, with respect to deck cargo.

Ascertainment of tonnage.

57 and 58 Vict. C. 60.

(2) In order to ascertain the tonnage of any ship for the purpose of levying light-dues the Customs-collector may—

(*a*) if the ship is registered under any law for the time being in force in British India or under the law of any foreign country in respect of which an Order in Council has been made under section 84 of the Merchant Shipping Act, 1894, that ships of that country shall be deemed to be of the tonnage denoted in their certificates or registry or other national papers (any such ship being hereafter in this section referred to as a registered ship), require the owner or master or other person having possession of the ship's register or other papers denoting her tonnage to produce the same for inspection and, if such owner, master or other person refuses or neglects to produce the register or papers, as the case may be, or otherwise to satisfy the Customs-collector as to the tonnage of the ship, cause the ship to be measured and the tonnage to be ascertained; or

57 and 58 Vict. C. 60.

(*b*) if the ship is not a registered ship and the owner or master fails to satisfy the Customs-collectr as to the true tonnage thereof according to the mode of measurement prescribed by the law for the time being in force for regulating the measurement of registered ships, cause the ship to be measured and the tonnage thereof to be ascertained according to such mode,

(3) If any persons refuses or neglects to produce any register or other papers or otherwise to satisfy the Customs-collector as to the true tonnage of any ship when required to do so under this section,

such person shall be liable to pay the expenses of the measurement of the ship and of the ascertainment of the tonnage, and, if the ship is a registered ship, shall further be punishable with fine which may extend to one thousand rupees.

Recovery of light-dues, expenses and costs.

13. (*1*) If the owner or master of any ship refuses or neglets to pay to the Customs-collector on demand the amount of any light-dues or expenses payable under this Act in respect of the ship, the Customs-collector may seize the ship and the tackle, apparel and furniture belonging thereto any or part thereof, and detain the same until the amount of the dues or expenses, together with the costs of the seizure and detention, is paid.

(2) If any part of such dues, expenses or costs remains unpaid after the expiry of five days following the date of the seizure, the Customs-collector may cause the ship or other thing seized to be sold, and with the proceeds of the sale may satisfy the dues, expenses or costs remaining unpaid together with the costs of the sale, and shall repay the surplus, if any, to the person by whom the same were payable,

Refusal of port-clearance.

14. The officer whose duty it is to grant a port-clearance for any ship shall not grant the port-clearance until the amount of all light-dues, expenses and costs payable in respect of the ship under this Act and of any fines imposed thereunder has been paid or until security for the payment thereof has been given to his satisfaction.

Determination of dispute as to liability for payment.

15 If any dispute arises as to whether light-dues, expenses or costs are payable in respect of any ship under this Act or as to the amount of such dues, expenses or costs, the dispute shall on application made in this behalf by either of the disputing parties, be heard and determined by a Presidency Magistrate of the first class having jurisdiction at the place where the dispute arises, and the decision of such Magistrate shall be final.

Penalty for avoiding payment.

16. If the owner or master of a ship avoids or attempts to avoid the payment of any light-dues, expenses or costs payable in respect of the ship under this Act, he shall be punishable with fine which may extend to one thousand rupees.

Exemption from payment of light-dues.

17. The following ships shall be exempted from the payment of light dues under this Act, namely:—

(*a*) any ship belonging to His Majesty or the Government or to a foreign Prince or State and not carrying cargo or passengers for freight or fares; and

(*b*) any ship of a tonnage of less than thirty tons;

and the Governor General in Council may, by notification in the Gazette of India, exempt any other ships or classes of ships from such payment, either wholly or to such extent only as may be specified in the notification.

Refund of excess payments.

18. Where light-dues have been paid in respect of any ship in excess of the amount payable under this Act, no claim to refund of such excess payment shall be admissible unless it is made within three months from the date of each payment.

ACCOUNTS.

Accounts, etc.

19. (*1*) The Governor General in Council shall cause to be maintained a separate account of all amounts received by way of light-dues, expenses, costs and fines under this Act and of all expenditure incurred for the purposes of this Act, and shall cause such account to be laid before the Central Advisory Committee as soon as possible after the close of each financial year.

(2) The Governor General in Council shall cause to be laid before the Central Advisory Committee before the close of each financial year a statement of the estimated receipts under, and expenditure for the purposes of this Act during the forthcoming year.

RULES.

Power to make rules.

20. (*1*) The Governor General in Council may make rules consistent with this Act to carry into effect the purposes thereof.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely :—

(*a*) the powers and duties of the Chief Inspector of Lighthouses and of Superintendents and District Inspectors of Lighthouses;

(*b*) the procedure and conduct of business of Advisory Committees constituted under this Act,

(*c*) the rate of travelling and subsistence allowance payable to members of Advisory Committees; and

(*d*) the period in respect of which and the form in which the separate account referred to in sub-section (1) of section 19 shall be kept and the forms in which that account and the statement referred to in sub section (2) of that section shall respectively be presented to the Central Advisory Committee.

REPEALS.

Repeals.

21. The enactments mentioned in the Schedule are hereby repealed to the extent specified in the fourth column thereof.

THE SCHEDULE.

(*See section 21.*)

ENACTMENTS REPEALED.

Year.	No.	Short title.	Extent of repeal.
1879	IX	The Burma Coast-lights Act, 1879.	The whole
1904	IX	The Madras Coast-lights Act, 1904.	Do.
1915	II	The Sind Coast-lights Act, 1915.	Do.

APPENDIX II.

PRESENT SYSTEM OF LIGHTHOUSE ADMINISTRATION IN INDIA.

A.—Bombay.

(1) *Aden and Perim.*—There are two light-houses at Aden, namely Elephants' Bank, which is within port limits, and Ras Marshag, which is outside Both are administered by the Aden Port Trust. The Central Government pays half the cost of the maintenance of Ras Marshag from general revenues. The rest of the cost of maintenance is met from the Aden Port fund, and is so recovered through the port-dues from the shipping which uses Aden Port. Nothing is paid by passing trade which does not call at the port.

The two lighthouses on Perim, namely High Light and Balfe Point, are administered by the Political Resident, Aden, through the Port Officer, Aden. R. I. M. station ship at Aden acts as tender. The whole cost is borne by the central Government from general revenues. Nothing is paid by shipping.

(2) *Sind*,—The coast lights in Sind are only two, namely, the Cape Monze lighthouse and the "Sindhi" light-vessel, which is stationed off the Hajamro mouth of the Indus. They are administered by the Government of Bombay through the Commissioner in Sind and the Port Officer, Karachi, and are financed from light-dues levied under the Sind Coast-lights Act. Dues are paid by every vessel of forty-five tons or upwards arriving at or clearing out of any port in Sind, notified in this behalf by the Commissioner in Sind. The statutory maximum rate is 9 pies per ton for steamships and half rates for sailing ships, with a periodical limit of 30 days. The present rates, which have been fixed by the Government of Bombay, are 7 pies and $\frac{3}{4}$ pies respectively. There is no separate light fund or separate system of accounts. Dues are collected by the Customs

authorities and paid into central revenues, and expenditure is met by grants from the Central Government. Hitherto receipts have largely exceeded expenditure, but until last year, the "Sindhi" was not on station.

The beacons at the mouths of the Indus are under the supervision of the Collector of Customs, Karachi, and are maintained by the central Government from general revenues.

The lighthouse at Manora Point and the other port lights at Karachi are administered and maintained by the Karachi Port Trust, and are a charge on the port-dues paid by shipping using Karachi Port.

(3) *Presidency proper*.—Excepting the lights of Bombay Port and its approaches, all lights in the Presidency proper are administered by the Government of Bombay through the Collector of Salt Revenue, who also supervises the numerous minor ports. He is assisted by a Superintendent of lights who is recruited from the Salt Department and has no technical knowledge of lighting. All lights, whether port or coastal, are financed from the Bombay Northern and Southern Group Minor Ports funds, which are maintained from port dues levied on all sea-going vessels of ten tons and upwards (except fishing boats) entering any port in the Group which is scheduled under the Indian Ports Act, with a periodical limit of 30 days. Passing trade which does not call at any minor port, contributes nothing. Lights which are not on the main land are relieved by country sailing craft, which cannot always reach them in the monsoon.

The Bombay Port lights, including the Prongs and Kundari (Kennery) lighthouses and the lightvessel at the entrance, and the Sunk Rock and Dolphin Rock lighthouses and other lights inside the harbour, are administered and maintained by the Bombay Port Trust, and are a charge on the port-dues paid by shipping using Bombay Port.

(4). *Indian States*.—Several lights on the Bombay coast are on the territory of Indian States. The most important are Dwarka

Point, Diu Head and Goapnath Point in Kathiawar, north of Bombay, and Rajpuri Point in Janjira States, south of Bombay, all of which are used by passing trade. Mandvi, Navinar Point and Beit Harbour (Samiani) in the Gulf of Cutch are also important. All such lights, coastal as well as port, are maintained by the States concerned from their general revenues. Nothing is contributed by shipping which does not call at a State port.

(5) *Foreign Settlements.*—The lights in the Portuguese Settlements of Diu, Daman and Goa are port lights only, with the exception of the Aguada lighthouse near Goa, which is also used by passing trade. All these lights are administered and maintained by the Portuguese authorities.

B.—Madras.

(1) All lights in the Madras Presidency, and also the coast lights in the Southern Indian States, are administered by the Government of Madras through the Presidency Port Officer, who also supervises the numerous minor ports. For the administration of lighthouses he has a technical staff, consisting of an Inspector and two Mechanics There are altogether 30 lighthouses, classified as follows:—

13 coast lights, of which 2 are in Indian States, and

17 port lights.

But the lighthouses at Madras and Vakalapudi (Coconada), which are now classed as coast lights, would more properly be port lights.

Coast lights are financed from light dues levied under the Madras Coast-lights Act. Dues are paid by every vessel of thirty tons or upwards making any "voyage" as described in the schedule to the Act. Roughly speaking, the statutory maximum rates are 9 pies per ton for the western group of lights and 9 pies per ton for the eastern group for steamships, and half-rates for sailing-ships, with a periodical limit of 30 days. Rates are fixed by the Government of Madras with the previous sanction of the Government of India, and are now at the maximum. Dues, which are collected by the Customs Autho-

rities, are payable at any port in British India other than Aden, and are thus levied on passing trade as well as on ships calling at ports in Madras. All dues, wherever collected, are credited to a separate Madras Coast-lights fund, which is self-supporting. All light-houses are on the mainland, and no tender is maintained.

Port lights are financed from the Madras Minor Ports fund, which is maintained from port dues levied on all sea-going vessels of fifteen tons and upwards entering any port in the Presidency which is scheduled under the Indian Ports Act. There are separate rates for foreign and coasting vessels, and periodical limits for ports and groups of ports. Passing trade, which does not call at any minor port, does not contribute to this fund.

The port of Madras has a separate fund, administered by a Port Trust, but maintains only the small lights on the breakwater. The Madras lighthouse, as already stated, is administered and maintained as a coast light.

(2) *Indian States.*—The two coast lights, at Quilon and Muttum Point, are administered by the Presidency Port Officer and financed from the Madras coast-light dues. The port light at Cochin, which is partly in British India and partly in State territory, is also administered by the Presidency Port Officer. Other lights in the South Indian States, including the Allepi port are administered and maintained by the State Darbars.

(3) *Foreign Settlements.*—The lights in the French Settlement of Mahe, Karikal and Pondicherry are port lights only. They are administered and maintained by the French Authorities.

C.—Bihar and Orissa.

There are three lights on the coast of Orissa, at Puri, False Point, and Shrott's Island (Chandbali). False Point which alone is important to passing trade, was until 1915 administered and maintained by the Calcutta Port Commissioners as an approch light to the Hooghly. All three are now administered by the Government of Bihar and Orissa. False Point and Shortt's Island

are financed by grants from the Central Government. Puri is nominally a charge on the Orissa Port fund, but is actually a charge on provincial revenues.

D.—Bengal.

The lights in Bengal fall into two groups,

(1) The lights of the Hooghly and its approches, including Saugor Island lighthouses and the chain of light-vessels to Sandheads, are administered and maintained by the Calcutta Port Commissioners, and are a charge on the port dues paid by shipping using Calcutta Port.

(2) The lights of Chittagong Port and its approaches are administered by the Chittagong Port Commissioners. The lighthouses at Norman's Point and Kutubdia are maintained by the Commissioners, and are a charge on the port dues paid by shipping using Chittagong Port. For the maintenance of the South Patches light-vessel the Commissioners receive an assignment from the Burma coast light dues, which are paid by every vessel of fifty tons and upwards, making any "voyage" as described in the schedule to the Burma Coast-lights Act (see below). Under this schedule, nothing is contributed by ships trading into Chittagong from the west.

E.—Burma.

There are 10 lighthouses and 4 light-vessels along the coast of Burma, which are administered by the Government of Burma. An officer of the Burma Public Works Department is in charge of all construction and technical work, but has no special technical training in lighthouse engineering, and no expert assistance. The Principal Port Officer, Rangoon inspects all lights annually, but has no authority over the Public Works Officer. The R. I. M. station ship at Rangoon acts as tender. The Commander is Inspector of lights, and the Chief Engineer of the ship carries out temporary repairs, when necessary, but neither is a technical expert.

These 14 lights are financed from light-dues levied under the Burma Coast-lights Act. Dues are paid by every vessel of fifty tons

or upwards making any "voyage" as described in the schedule to the Act. The statutory maximum in 1½ annas per ton, without distinction between steam-ships and sailing-ships. There is no periodical limit, and the return voyage is reckoned as a distinct voyage. Rates are fixed by the Government of India, and are now at the maximum. Dues are collected by the Customs Authorities, and are payable at any port in British India. Dues, wherever collected, are credited to central revenues, and expenditure is met by grants from the Central Government. There is no separate fund, but the Accountant-General, Burma, maintains a *pro forma* account, which makes provision for interest on capital expenditure and sinking fund charges.

Some of these lights, in particular the lightships at the entrance to the Rangoon river, are port lights rather than coast lights. But with the exception of a small contribution from Rangoon Port for the maintenance of the Spit light-vessel, nothing is paid either by the Rangoon Port Commissioners or by the minor ports of the Province. On the other hand, the Central Government has hitherto made no charge against the light-dues for the use of the station ship as a tender, or for the services of the Principal Port Officer.

F.—Other lights.

There are three other groups of lights in which the Government of India are interested.

(1) *Red Sea.*—The three island lighthouses at the south end of the Red Sea, namely.—

Abu Ail,

Jebel Zubair (Centre Peak), and

Jebel Teir,

which before the war were maintained by the French concessionaires who formed the Ottoman Lighthouse Administration, are now administered through the Port Officer, Aden, and the Royal Indian Marine station ship at Aden acts as tender. The cost of main-

tenance, including part of the costs of the station ship, is now met by His Majesty's Government. No light dues are levied, and nothing is contributed by shipping.

The light at Mocha on the Arabian coast between Perim and Abu Ali, which also was formerly maintained by the Ottoman Light-house Administration, is now extinguished.

(2) *Persian Gulf.*—The following lights are administered by the Government of India through the Persian Gulf Light Service, under the Director, Royal Indian Marine :—

Muscat,

Jask,

Little Quoin Island,

Kishm Shoal gas-buoy,

Hanjam,

Jezirat Tanb,

Kais Island light-vessel,

Bahrein gas-buoys,

Bushire gas-buoys, and

Shatt-al-Arab light-vessel.

The Royal Indian Marine station ship at Bushire inspects these lights and acts as tender. The cost of maintenance was previously borne in equal shares by His Majesty's Government and Government of India, shipping contributed nothing. But it has recently been arranged that light-dues should be paid, and an advisory committee, on which shipping and commercial interests are represented, has been constituted by the Government of India, who continue to be responsible for the administration.

(3) *Ceyloan and Minicoy.*—The following lighthouses are administered by the Board of Trade :—

Barberyn, Dondra Head } on the coast of Ceylon ;
Great Basses, Little Basses } off the coast of Ceylon ;
Minicoy Island, between the Laccadive and Maldive Islands, within the territorial jurisdiction of the Government of Madras.

The Board of Trade previously had their own Superintendent at Colombo, and also maintained a special tender. But an arrangement has recently been made with the local coasting steamer service to carry out the sea reliefs.

These lights are financed from the Colonial Light dues levied under the Merchant Shipping Act, which are now paid into the General Lighthouse Fund of the United Kingdom under a separate heading. The present rates are 3/16 of a penny per ton in respect of Great and Little Basses, and 1/16 of a penny per ton in respect of Minicoy. Dues are collected by the Customs authorities in the ports of British India, as well as in the United Kingdom, Ceylon, Mauritius, Singapore, and Penang, and are remitted to the Board of Trade.

APPENDIX III.

DISTRICT ORGANISATION.

Note.—Lighthouses in *Italics* are not in British India.

I.—Aden District,

General.

High Light ... ... } Perim.
Balfe Point ... ... }

Abu Ali ... ...
Jebal Zubair ... ... } Reid Sea.
Jebel Teir ... ...

Local.

Perim Harbour.

Aden Ports * and approaches.

II.—KARACHI DISTRICT,

General.

Muscat ... ...
Jask ... ...
Little Quoin Island ... ...
Kishm Shoal gas-buoy ... ...
Hanjam ... ... } Persian Gulf.
Jezirat Tanb ... ...
Kais Island light vessel ... ...
Bahrein gas buoys ... ...
Bushire gas-buoys ... ...
Shatt-al-Arab light-vessel ... ...

Cape Monze.

"Sindhi" light-vessel.

Indus beacons.

Local.

Karachi Port.

---

* Grant from general light-dues for Ras Marshag.

III.—Bombay District,

General.

Dwarka Point	Kathiwar States.
Diu Head	
Goapnath Point	

Piram Island.

Arnala.

Local.

Bombay Port and approaches.

Minor Ports in Bombay Presidency.

Rajpuri Janjira State.

Tolkeshwar

Vengurla Rocks.

Oyster Rocks.

* Pigeon Island,

† Caph.

† Minicoy Island.

IV.—Madras District.

General.

Cotta Point.

Quilon	South Indian States.
Muttum Point	

Local.

Madras Port.

---

* No lighthouse at present. † In Madras Presidency.

General.

Manapad Point.

Barberyn ... ...
Dondra Head ... ...
Great Basses ... ...
Little Basses ... ...
} Ceylon.

Point Calimere,

Mahabalipur (Seven Pagodas).

Pulicat

Armagon.

Sacramento Shoal.

Santopilli.

Local.

Minor Ports in Madras Presidency.

V.—CALCUTTA DISTRICT.

General.

False Point.

Local.

Minor Ports in Orissa.

Calcutta Port and approaches, including the Hooghly to Sandheads.

VI.—RANGOON DISTRICT.

General.

South Patches—light vessel.

Oyster Island.

Beacon Island.

Alguada Reef.

Baragua light-vessel.

Krishna Shoal light-vessel.

Double Island.

Reef Island.

Victoria Point (if retained).

Table Island.

Local.

* Chittagong Port and approches.

Rangoon* Port and approaches, including China Bakir light-vessel, Spit light-vessel, and Eastern Grove.

Minor Ports in Burma.

Port Blair.

No. T.-2234, dated 16th November 1926.

From Chamber to the Government of Bombay, Marine Department.

With reference to your letter No. 530-1288-M. dated 7th September 1926, on the above, my Committee agree with the principle that the maintenance, inspection and control of Lighthouses should be with a Central Authority. They also agree that the cost of this Service should not fall on the general revenues of the country but should be defrayed from light-dues collected for this purpose and consider that the dues should be so fixed as to fully cover the cost of the Service. My Committee notice that Section 9 of the Bill empowers the Lighthouse Authority to be created with powers to maintain light-

* Grant from general light-dues for Kuwait dia.

houses beyond the limits of British India. They are of opinion that the cost of maintenance of such Lighthouses should not, in any way, fall on shipping calling at Indian Ports, because the benefit of such Lighthouses will accrue to all shipping on the great trade routes east of Suez, and that the Government of India should not undertake responsibility for maintenance of such Lighthouses beyond the limits of British India, unless the British Government agrees that the Government of India shall have the right to collect suitable lightdues from such shipping and credit the same to the Lighthouses Fund.

Apart from the principle emphasised above that the new Lighthouse Authority should be self-supporting, my Committee would like to add that it should be provided that if in any year there is a surplus in the hands of such authorities it should not go to the general revenues of India but should remain in the hands of the Lighthouse Authority for the further improvement of the Service or the reduction of light-dues as may appear desirable to them.

My Committee will be much obliged if the Government will be pleased to supply them with particulars of the receipt of Light-dues collected in India and of the expenditure incurred in maintaining the various Lighthouses on the coasts. I am also directed to request the Government to be pleased to supply information with regard to the personnel of the Lighthouse Service in India and to urge that steps should be taken to Indianise such Services in the future.

As for the constitution of the Central Advisory Committee, that is proposed to be formed for the purpose of unifying the control and management of Lighthouses, my Committee have no doubt that the claims of Indian shipping for a proper representation on this Committee will be fully recognised by the Government of India.

(B) CURRENCY, EXCHANGE & FINANCE.

APPENDIX 14.

CURRENCY NOTES REFUND RULES. (VIDE ITEM No. 35 OF THE CHAMBER'S REPORT FOR 1925.)

No. T. 100 18th January 1926.

From Chamber to the Government of India Finance Department, Delhi.

I am directed to send hereby the views of the Committee of this Chamber on the subject of the amendments of the Currency Notes (Refund) Rules published in the Gazette of India under Resolution No. F. 20-XI-F, dated the 15th October 1925, in reply to your letter No. F. 20 XI F., dated the 15th October 1925.

My Committee have very carefully considered all these Rules. The proposed amendments may well be divided into two parts; one relating to the 5 and 10 Rupee Notes and the other to the 50 and 100 Rupee Currency Notes.

With regard to the first part, my Committee beg to point out very strongly that the proposed changes in the said Rules will interfere with the further popularity of the Currency Notes. In their opinion facilities provided at present for sending half pieces of Currency Notes through post should be continued as the business community finds the same very useful.

With regard to the second part, the Committee in particular would like to draw the attention of the Government to the following words in their resolution:

> "In short the effect of this change is to make it easier for the public to obtain half value on a half note but to make it more difficult for them to obtain full value on half note."

The effect of this change, in the opinion of my Committee, will be a great encouragement to dishonesty and thefts because the case of encashment now to be provided will be a great temptation to those into whose hands half pieces of Currency Notes fall to misappropriate the same. It will no doubt increase the risk of cutting Currency Notes but will also increase the chances of thefts and fraud as shown above.

My Committee therefore beg to urge upon the Government in view of all these circumstances the desirability of continuing the old practice which has been found to be suitable to the circumstances of the country and which has contributed to the popularity of Currency Notes. It is true that in other countries there is no practice to be found of cutting Currency Notes excepting East Africa, Aden and Iraq, but the circumstances there are different, and these facilities have been in vogue in this country for many years without any serious inconvenience or loss to the Currency Department, so far as my Committee are aware.

At the same time, my Committee would beg to draw attention to another point.

Under the existing rules the period for recovery of the amount of the claim of a lost Note appears to my Committee to be rather too long and they would, therefore, suggest that efforts may be made to modify the regulations in this regard so as to shorten it as much as possible.

APPENDIX 15.

B. C. RATE AND EXCHANGE BANKS.

Dated the 30th July 1926.

From Chamber to Associated Exchange Banks, Bombay.

The attention of the Committee of this Chamber is drawn to the practice of the Exchange Banks of not accepting Sterling Drafts

of other Banks on London in payment of Bills against import goods but charging a rate of their own called the B. C. Rate which is lower than the Current Rates for remittances to England. Such a practice was adopted by the Exchange Banks during the war period and may have been justified in the abnormal circumstances of that period. Circumstances have changed now and things are much more normal and sterling exchange in particular has been very steady for nearly two years. In view of this, charging a penalty rate to importers has no longer any justification and my Committee trust that your Association will be good enough to now reconsider the position and do the needful in the matter in the interests of the business community in general.

No. 175-C, dated 30th July 1926.

From the Associated Exchange Banks to Chamber.

I have to acknowledge receipt of your letter of date, and in reply would say that the question of accepting other Banks' drafts has recently been before my Association, and the Banks unanimously decline to alter the existing practice.

APPENDIX 16.

DEFLATIONS IN CURRENCY.

No. T. 830, dated 7th April, 1926.

From Chamber to the Government of India, Finance Department, Simla.

"Committee Indian Merchant's Chamber beg to protest against transfer of three crores to Secretary of State's balances through Paper Currency Reserve. Committee unable see necessity of increasing such balances in view of there being vast amount of fourteen and half million pounds in hand end March nor why such remittance

not made ordinary way. Unless Government can demonstrate contrary Committee must conclude present step of nature of Reverse Bills in its ultimate effects analogous to similar transfers of 1922 23 with a view to raise Exchange. Committee submit this contrary to Government claim that present rate natural and considers action highly objectionable both as being artificial manipulation of exchange and as depletion of gold resources making more difficult establishment gold standard which Indian opinion unanimously wants especially at a time when Currency Commission's report shortly expected and present action likely to prejudice their conclusions. Inchambu."

No. T.-1916, dated 22nd September, 1926.

From Chamber to the Government of India Finance Department Simla.

"Committee Indian Merchant's Chamber respectfully protest against deflation three crores as reported for 16th instant which is identical with sales of Reserve Bills. In view of the crops which will need moving shortly Committees have no doubt this policy of contracting Currency with view to sustain Exchange is against best interest of India. Reports already received by Committee indicate that prices available to grower in existing monetary conditions are dangerously close to point where it does not pay him to part with his produce. If to this is to be deliberately added tighter money which follow the policy now started of contracting Currency Committee submit Government should gravely consider consequences of such policy obviously started for purpose of supporting exchange to the artificial figure on which Government seem to be bent. Inchambu."

No. T.-2101, dated 21st October, 1926.

From Chamber to the Private Secretary to His Excellency the Viceroy, Simla.

"In the name of the following Associations the Presidents whereof sign this, we respectfully lodge our humble but emphatic protest before His Excellency the Viceroy against the repeated

deflations of Currency ending with Rupee five crores on 18th inst. against created securities. This deflation is neither supported nor warranted by the Currency Commission's recomendations which only contemplated replacement of seven crores of created Rupee securities by gold securities in certain circumstances to strengthen the gold backing of the Note Issue. Government action till now has reduced this gold backing since 1st April last by £ 15 millions and present action deprives Reserves of further five crores which could have been converted into gold according to Currency Commission's recomendations. We feel convinced that all this deflation is dictated by persistence in maintaining exchange at present artifical rate and apprehend very serious "consequences therefrom to agriculture, trade and industries, particularly the first, which is already very hard hit by present unremunerative prices of produce. We submit that these deflations will accentuate the situation spelling ruin to the already heavily indebted agricultural population. Further the serious reduction in Gold backing to the Notes Issue entailed by these operations has already weakened India's Gold resources and will, if persisted in, destroy prospects of Gold Standard for India. We therefore consider it necessary to lodge our protest before His Excellency the Viceroy against this deliberate depletion of India's gold resources and trust that His Excellency will intervene before it is too late to check the deterioration that is perceptible in the economic conditions of the country both in matters Currency and Agriculture.

Lalji Naranji—Indian Merchants' Chamber,

Manilal Gokalbhai—Shroff Association,

Govindram Lohia—Marwari Chamber of Commerce,

K. R. P. Shroff—Native Share & Stock Brokers' Association,

Velji Lakhamsi Napoo—Grain Merchants' Association,

Mathradas Canji Mattani—Rice Merchants' Association,

Gorakhramji Ganpatrai—Hindustani Native Merchants' Association,

Lachmandas Daga—Bombay Bullion Exchange,

Hussein Suleman Mitha—Sugar Merchants' Association,

Dahyabhai Makanji—Diamond Merchants' Association,

Dawoodbhoy Abdulally—Paper & Stationery Merchants' Association,

Mankji Pallonji—Glass Bangles Merchants' Association.

No. T. 1370, dated 30th November 1926.

From Chamber to the Private Secretary to His Excellency the Viceroy, Delhi.

"Committee Indian Merchants' Chamber cannot sufficiently regret that despite all their protests and appeals to the Finance Department and ending with their telegram to His Excellency the Viceroy, dated 21st October over the signatures of 12 Indian Commercial Associations in Bombay, Government of India are not deterred from following up a policy which they accepted under circumstances which were substantially different from those prevailing to-day. It is a tragedy that the Government will not learn from the bitter experience of 1920 and India must be exposed to all the privations which had then to be gone through for her. The Chamber feel that the only conclusion to be drawn from this is that the Government of India are bent upon undertaking a responsibility which will be at the expense of India should the policy adopted by Government fail. It would be difficult to name a parallel in any country to the action attempted here of determined and continuous deflation with all its disastrous consequences in order to keep its currency not only at the pre-war par but at much above the pre-war par. The only course now open to request His Excellency the Viceroy is to summon a meeting of the Assembly at earliest possible date to enable representatives of the people to express their opinion officially. Inchambu."

APPENDIX 17.

ROYAL COMMISSION ON INDIAN CURRENCY AND EXCHANGE.

No. T.-1691, Bombay dated 17th August, 1926.

From Chamber to the Government of India, Finance Department, Simla.

"Committee Indian Merchants' Chamber emphatically condemn recommendations of majority report of Currency Commission and their objectionable attempt to belittle dissenting Minute of Sir Purshotamdas by suggesting that accuracy and completeness of figures therein given had not the authority of the Commission although unimpeachable authority has been quoted for such figures. Standard recommended not an absolute Gold Standard as claimed but an Exchange Standard because currency authority given option to tender gold exchange instead gold. New system even worse than per-war gold exchange standard because pre-war confined to sterling currency only while new system proposed offering currency of any country with free gold market involving holding of our Currency Reserves in several countries and thereby immensely increasing risks to India's Currency Reserve in event of another big war when some currencies may again suffer the fate of the Franc if not Rubble or Mark. Arguments advanced for eighteen pence ratio are outstanding examples of *suppressio veri and suggestion falsi* leading lay public to believe that some interests must suffer anyhow and it did not matter which, and suppressing the important fact that interests adversly effected were producer and cultivator being the largest and the poorest section of population whose interests should have precedence with any Government alive to its resposibilities. Again talk of its being unsound to use currency as lever to reduce wages suppresses the fact that currency has been used to raise real wages since 1924 by rigging up Exchange to eighteen pence and this has been a direct cause of present parlous state of industries. Committee

strongly deprecate demonetization of Sovereign as tending to make present immense hoards of such coin and Mohurs useless for currency purposes and urge its retention as inducement to such hoards to return to circulation as soon as confidence in Gold Standard established. Committee see no use for new State Bank and consider present Imperial Bank with necessary modifications and restrictions most suitable and adhere to views expressed in their letter to the Finance Department, Government of Bombay, dated 29th March 1926. Committee regret not single copy of Minutes of Evidence or Appendices yet available even official quarters and cannot understand why these kept back-Many public men and even Associations unable secure copies of even Report which highly regrettable when such serious questions are involved. Inchambu. "

2. My Committee regret to find that only a few copies and that too only of the Report was available in Bombay for an hour or two in the Fort and there are complaints on all sides that they could not get copies of the Report. As for the minutes and appendices which would be of great importance to a study of the Report they are not available even to public bodies like ours and we cannot understand what object the Government can have in keeping these back. It cannot be that they are not yet printed because they must have been made available in print to the members of the Currency Commission when the final draft report was being considered.

3. My Committee strongly deprecate the attempt of the majority of Commission to belittle and discredit the dissenting minute of Sir Purshotamdas Thakurdas by saying that the accuracy and the completeness of the figures and data given therein had not authority of the Commission, knowing as they must have done that every one of these figures had been quoted on unimpeachable authority and my Committee consider the insinuations conveyed in the above words most objectionable.

4. My Committee are particularly anxious to get the volume of appendices because some very important telegrams between the Viceroy and the Secretary of State have been quoted in the dissenting Minute of Sir Purshotamdas Thakurdas, which most clearly show that

there was deliberate rigging up of Exchange in the past two years, that the stringency in the money market was "the direct outcome of Government action in contracting currency or rather in placing strict limits on possibilities of expansion" and that care was taken not to keep the screw too tight only in order to avoid a financial crisis. My Committee have repeatedly drawn the attention of Government to the continued tightening of the money market as the means used to this end, and to us and to the other public bodies like the Bengal Chamber of Commerce that had drawn attention to the monetary stringency the reply has been such as to imply that the stringency was nothing abnormal and was bound to occur in the export season in India, and that "as pre war experience proved there was strong probability that the condition in the money market in India would for many years to come vary during the year between considerable ease and somewhat acute stringency", the whole implication being that the stringency was seasonal and had nothing to do with currency manipulations. Government even said that "they were doubtful whether stabilisation of the rupee in terms of gold would greatly relieve the stringency in the money market." My Committee are quite at a loss to understand how such misleading pronouncements came to be made when Government were all the while aware that the stringency was abnormal and was the direct outcome of Government action in contracting currency. After this most damaging exposure, my Committee cannot understand how any responsible Member of Government could have asserted as they did assert that the rise in exchange was natural, that it was solely due to the enormous favourable balance of trade, etc., etc., My Committee reserve their further remarks under this head until they are in possession of the volume of appendices and have seen the telegrams *in extenso*. But they cannot help feeling after the above exposure that the publication of the whole correspondence on currency and exchange matters since 1920 is imperatively necessary, as an uneasy impression has been created in the public mind that the explanations of other steps taken in those years were equally misleading and that the claim put forward by the Government of India from time to time that everything was being done in the sole interests of India, e. g.

in the case of the sale of £ 2 million gold was quite unwarranted.

5. In view of the above exposure of deliberate attempts to rig up Exchange the whole of the arguments so plausibly advanced in its favour *viz.* that 18*d*, had been brought about by the operation of natural forces and that it was undesirable to face the disturbance and the readjustments which would be necessary in order to go back to 16*d*. falls to the ground. My Committee wonder if the majority members themselves had also a suspicion of the questionableness of methods used for rigging exchange up, because they tried to whitewash what had been done, by saying in paragraph 199 that it was the facts of the present that must be faced and that the question of the means by which that rate came into existence was of no practical importance. This is a most surprising attitude to take for a Royal Commission that was to do India justice. It is a most dangerous doctrine to lay down that so long as the ultimate consequences were supposed to be beneficial to some part of the community, the means by which such results were achieved did not matter. If it is right to accept a *fait accompli* of this sort as a settled fact for all time, there was absolutely no need for the appointment of this Royal Commission.

6. After lightly setting aside the questions of the means the Commission go on to give arguments in favour of the 18*d*. rate and refutation of the arguments for a 16*d*. rate. These are series of *suppressio veri and suggestio falsi*, thus they claim that prices in India had already attained a substantial measure of adjustment. This may apply to the prices of commodities handled in the foreign trade but it does not apply to the prices of many articles which do not figure in the foreign trade of the country and it does not apply most emphatically to the prices of labour and various other services which is always the most difficult problem. In the next place the Commission argue that it is not sound policy to use currency as lever to reduce real wages. While this may appeal to the layman and make him think Government was fighting the cause of labour as against capital, it suppresses the important fact that currency has been used as a lever by Government to raise real wages in the

past two years and it is notorious that this change in real wages is at the bottom of the serious troubles in our various industries. The Commission again argue that although many land revenue settlements were made before 1914 and have to be paid today for years to come in an appreciated rupee, that the real burden is very materially lightened by the rise in the prices of commodities. The fallacy here is in saying that a man has lent thousand pounds can claim thousand guineas if commodities appreciate. This on the face of it is absurd. If it was true the reverse should also be true viz., that if commodities decline the creditor should accept a lower sum but no such claim for reduction of his loan would ever be entertained by any creditor. They next argue that the great bulk of contractual obligations consists of short term contracts which must have been entered into after exchange was established round 1s 4d. This is again a suggestion false here as the implication is that all such contracts must have been already readjusted in the past 24 months, and that we need not now worry about these. This again conceals a fallacy because a large majority of these so-called short term contracts are contracts of employment and while theoretically renewable from day to day or month to month it is almost impossible to vary the wage paid from time to time, as the wage earner most stubbornly oppose any reduction and refuses to listen to any arguments about lower prices of commodities. An outstanding instance of this is the present miners' strike in England where the slogan is "not a penny off the pay; not an hour on the day." How can one expect the practically illiterate labour of India to understand this argument about reduction of wages as a corollary to fall in cost of living when it fails to appeal to the much more literate English miners? The next argument advanced is that the effects of going back to 16d. on the foreign trade would be immediate and for a time convulsive. This shows the evident bias of Commission in favour of *foreign* trade. They have no regard for the Indian producer and the Indian Manufacturer on whom the effects of a rise from 16d. gold in September 1924 to 18d. gold in April-May 1925 have been even more disastrous, and have forced many concerns into liquidation or insolvency. But evidently this is of no concern to the Commission.

The next point that they make is of the effect on public finances, and they talk of impossibility of further remissions of Provincial contributions, and also threaten higher taxation. Here they once more gloss over the fact that the receipts from Customs, Income-tax and other sources would be much larger under the 16d. ratio. Some idea of this can be had from figures put forward by the Bombay Millowners' Association to the Textile Tariff Board in which it is shown that Income Tax paid by the mills situated in Bombay City and Island alone was lower by as much as 131 lakhs in 1925 26 as against 1922-23 a super-tax by 85 lakhs. There is here under the one head of income and super taxes a reduction of revenue of as much as 216 lakhs of rupees from Bombay alone a larger part of which is undoubtedly due to the consequences of currency manipulation. When Cotton Mills all over India are included and when other manufacturing industries which depend upon the Indian market for an outlet for their products are also taken into account the loss of revenue under this one head alone will probably not fall far short of 4 crores. It is surprising that in talking of the effects on public finances on a reversion to 16d. the Commission entirely disregard the effects on the expansion of the revenues under various heads. My Committee cannot but feel that this is a most serious omission and shows that the Commission was out to defend the 18d. rate at any cost. The next most surprising statement from this Commission, which was supposed to have on it two of the best experts on currency matters, is that the opportunity for a reversion to 16d., *if it ever existed*, has gone. Do they really mean to say that the opportunity never existed? Do they really mean to argue that if Government declared in September 1924 that they would issue Rs. 15 against one Sovereign or its equivalent in fine gold as provided in the Paper Currency Act right down to 1920, the rate could not have been established at 16d. gold? If so, they lay themselves open to the charge of a deplorable ignorance of currency science.

7. Coming to their refutation of the arguments in favour of 16d.—the argument that the effects of depreciation in French and Belgian currencies etc. would be met by going back to 16d.—their reply is that this would apply to the transitional period only and

that the remedy must be sought elsewhere than in the manipulations of Indian Currency policy. My Committee are unable to accept this argument because the twisting up of the Indian Rupee gives a permanent advantage to all India's competitors and the above talk of the transitional period suppresses the most serious fact that the handicap laid on Indian industries by the 18d. rate was a permanent handicap would only be got over by writing down of share capital and by reductions of wages of labour. If it is to be sought from other sources my Committee will be glad to learn what they are. Their talk of manipulation of India's currency policy is meant to create prejudice against the advocates of a 16d. ratio and once more it suppresses the fact that what these advocates mean is not any manipulation to-day but an undoing of the deliberate manipulation of the past few years and the proof of which is afforded by the Viceroy's telegram above referred to the Secretary of State dated 8th October 1924. The Commission again solemnly assert that "future movements of prices will proceed on more normal lines", and if India suffers at all she will suffer with the rest of the world. This is another *suggestio falsi* and suppresses the fact that when other countries go to pre-war prices, prices in this country will not be also at pre-war but will be 12½ per cent under the pre-war level.

8. The worst case of *suggestio falsi* is where they talk of certain sections (debtors, exporters and employers) benefiting at the expense of certain other sections (creditors, importers and wage earner) on a reversion to the 16d. ratio. The suggestion is that as one or another section of the community must suffer in any case it was immaterial which one it was that suffered, but this suppresses the most important fact that the sections that are to suffer are the largest section of the population and perhaps the poorest. To take the three categories named in order, we have first Debtors against Creditors. Among the debtors figures the bulk of the 22 crores of the agricultural population of India which is notoriously submerged in debt, btsides many millions of the urban population, while the creditors would be a few thousand or few hundred thousand money lenders. Again, among the debtors will be the Government of India

themselves with rupee debt of five hundred crores of rupees, while among the creditors will be some hundred thousand of holders of Government paper, so that, once again all the taxpayers of the country through the Government debt will be mulcted for the benefit of the few hundred thousand investors in Government paper, a great many of whom would be of the wealthier classes. To say that it does not matter whether the creditor or the debtor section of the community suffers, is therefore a strange position to take for the Commission which was supposed to recommend the policy that was in the best interests of the dumb millions of India. Again taking the category of Exporters as against Importers, the very words used by the Commission are misleading and should have been "producers of export commodities" as against the consumers of import commodities." Looked at this, it will at once be clear that the former is again the huge agricultural population of this country, while the latter is the middle and upper classes of the country who it is that consume foreign imports. Taking the third category viz., Employers as against wage-earners, there is once more a fallacy underlying these words. Going back to the 16d. ratio will not benefit the employers alone and staying at 18d. ratio did not benefit the wage-earners. No Petits or Tatas or Sassons are going to starve if mills have to shut down or go into liquidation. It is the thousands of wage-earners in such concerns that are most vitally affected and it is they that are today starving on account of the liquidations of the concerns where they used to earn their daily bread. Therefore, the suggestion in the third category that it is only a few rich men that suffer by exchange being fixed at 18d. is entirely misleading because the rich millionaire millowners are not the ones that will starve, but it is the poor millhands that will do so. It is well to remember that among the employers the cultivator also figures, because he has to employ extra help at harvest time and otherwise, and twisting up of real wages through exchange hits him once more as an employer of such labour.

9. If the above three categories are carefully considered it will at once be seen that it is an overwhelmingly large section of the population viz. the cultivator that suffer, first as a debtor in his long term commitments, then, as exporter in the sale of his output

and again, as an employer in the wages that he is compelled to pay. It will also be seen that the sections of the community that might suffer by a reversion to 16d. would be the wealthier creditor class or the middle and upper classes that consume the bulk of our imports. It cannot be denied that they are neither the most important section of the population nor are they a section of the population for which Government need have any solicitude and allow them to benefit at the expense of the enormous agricultural population. That the Royal Commission should have merely repeated the shibboleths put forward from time to time by the advocates of a higher exchange ratio in this country clearly shows that they have failed in the trust reposed in them and have not troubled to go to the root of the questions as they ought to have done.

10. In view of all these instances of *suppressio veri and suggestio falsi* that have been enumerated above, my Committee are unable to attach any weight whatsoever to their recommendations and are compelled to characterise their report as a whitewash of the past policy of the Government, as reports of some of the previous Commissions and Committees had been.

11. We shall now come to their recommendation for a Gold Standard. They say it is a gold bullion standard that they recommend that they emphatically assert that "As gold bars are to be given in exchange for notes or silver rupees not for export only but for any purpose, it is not an exchange standard but an absolute gold standard" My Committee are compelled to say once more that this is a most misleading statement, because while the currency authority is only to accept gold when buying, it is to be given the option to give gold exchange instead of gold when selling. My Committee fail to see wherein this differs from the pre-war gold exchange standard wherein the currency authority were under obligation to accept gold bullion or sovereigns tendered to them and give rupee currency in exchange, while on the selling side the Secretary of State, in practice, did give gold exchange against local currency tendered. My Committee are aware that this was not obligatory, but they would point out that the Chamberlain Commission had recommended it to be

made obligatory and the present recommendation of the Royal Commission is merely a repetition of this recommendation of the Chamberlain Commission. If the Commission had recommended the selling of sterling exchange only, it would have been the repetition of the practice of the pre-war gold exchange standard, but what they have done is far worse. They recommended that currency authority should have option to give those who offer local currency to be exchanged for gold, not gold bullion but "an equivalent amount of gold exchange payable in a country or countries outside India maintaining a free gold market." My Committee would most emphatically protest against this expansion of the gold exchange standard system, because it involves the holding of (or the currencies of) all such other countries and thereby increase the risk to which India's Currency Reserves are exposed under the gold exchange standard system. It is no use telling the Indian public that it is to be done only for countries with a free gold market. Every country is a sovereign power and it may have a free gold market to day and might to-morrow put an embargo on gold. This is not an imaginary fear because the one country in the world that could have been trusted to adhere to the free gold market viz., England, also found itself compelled to put an embargo on the movement of gold. My Committee are very very, doubtful whether the continental countries may not resort to it again in crises far less important than the world war and the foreign currencies held in India's Currency Reserve may not then again go the same way as the Franc, if not the Mark or the Rubble. They would, therefore, most emphatically protest against this provision of giving gold exchange that is recommended by the Royal Commission. Otherwise Government will lay themselves open to the charge of the Gold Reserves of India being allowed to be exploited not only for the benefit of England as in the pre-war exchange standard, but for the benefit of the various countries of Europe made more or less bankrupt by the world war.

12. The Commission advise the demonetization of the Sovereign. My Committee consider this most ill-advised step, because it makes the very large existing hoards of sovereigns and Mohurs absolutely useless for currency purpose and prevents them from returning

into circulation as they would have done in a few years after confidence had been established in the minds of the masses that the country was really on a gold standard. My Committee are afraid the Commission have once more here allowed themselves to be carried away by fears of what India would do if she was allowed to have a gold currency—fears which have their origin, not in a solicitude for Indian interests, but in an extraordinary solicitude once more, for the countries of Europe made almost bankrupt by the world war and its aftermath.

13. As for the recommendation for a State Bank, my Committee have not been convinced by the arguments advanced by the Commission and they see no reason whatsoever for slavishly following the modle of Continental countries where their beggared position has compelled them to resort to subterfuges for a make-believe gold standard. India has no need for any such thing and therefore my Committee cannot see why a separate State Bank should be started as suggested in the report. They consider that by far the better solution will be to entrust to the Imperial Bank the work that a State Bank would do and that is not at present done by the Imperial Bank with such modifications and restrictions on its present activities as may be considered desirable or necessary. When the Imperial Bank is thus entrusted with such work it will also be desirable (as pointed out in our views on Banking to the Government of Bombay on 29th March 1926) "that the constitution of the Imperial Bank which is at present unsatisfactory should be brought into greater consonance with public demand." As a profit earning enterprise the utility of this institution is likely to be impaired by the jealousy of the taxpayer at any additional privileges being given to that body. While the Imperial Bank of India Act at present gives a certain amount of the control to the Government of India, the Government of India are always able to plead that they have no voice in the internal administration of the Bank. This position, my Committee consider unsatisfactory and the provision of the necessary safeguards will have to be carefully considered when the time comes for a reconsideration of its charter. In the meantime, my Committee reserve further remarks on this head for the time when the

Government have formulated their proposals, but they trust that on reconsideration Government will also be able to see that modification of the present activities of the Imperial Bank and suitable provision of such control over it may be considered desirable in the interests both of the state and the general public and the entrusting to them of the work now done by the Currency Department were perfectly feasible.

APPENDIX 18.

THE CURRENCY BILL OF THE GOVERNMENT OF INDIA.

No. 5060-A. Bombay Castle, dated the 10th September 1926.

From, the Government of Bombay, Finance Department.

to Chamber.

Subject:—Currency Bill.

I am directed to forward a copy of Government Resolution No. 5060 dated 10th September 1926 and to request the favour of the opinion of your Chamber on the Bill at an early date.

Currency Bill.

Government of Bombay, Finance Department.

Resolution No. 5060.

Bombay Castle, dated the 10th September 1926.

Letter from the Government of India, Legislative Department, No. F. 115-12-6 A. C. dated 28th August 1926.

Resolution:—The Bill with the statements of objects and reasons should be forwarded for favour of opinion to the Chambers of Commerse and others interested.

2. The Bill with the Statement of Objects and Reasons should be forwarded to the Manager, Government Central Press, Bombay, for publication in the *Bombay Government Gazette*, and to the Commissioner in Sind for publication in the *Sind Official Gazette*.

3. The Bill and the statement should be translated into Marathi, Gujarati and Kanarese and the translations should be published in the *Bombay Government Gazette*. They should also be translated into Sindhi and the translation published in the *Sind Official Gazette*.

4. The dates of the various publications should be reported to Government.

By order of the Governor in Council,

C. G. FREKE,

Deputy Secretary to Government.

[As introduced in the Legislative Assembly.]

A

BILL.

Further to amend the Indian Coinage Act, 1906 and the Indian Paper Currency Act, 1923, for certain purposes, and to lay upon the Governor General in Council certain obligations in regard to the purchase of gold and the sale of gold or gold exchange.

WHEREAS it is expedient further to amend the Indian Coinage Act, 1906, and the Indian Paper Currency Act, 1923, for certain purposes, and to lay upon the Governor General in Council certain obligations in regard to the purchase of gold and the sale of gold or gold exchange; It is hereby enacted as follows:—

III of 1906.
V of 1923.

Short title, extent and commencement.

1. (*1*) This Act may be called the Currency Act, 1926.

(2) It extends to the whole of British India, including British Baluchistan and the Sonthal Parganas.

(3) It shall come into force on the 1st day of November, 1926.

Amendment of Act III of 1906.

In the Indian Coinage Act, 1906, section 11, and the word "and" at the end of clause (*d*) of sub-section (2) of section 21, and clause (*e*) of that sub-section, shall be omitted.

Amendment of Act X of 1923.

3. In the Indian Paper Currency Act, 1923,

(*a*) to section 2, after the words "in this behalf" the following shall be added, namely :—

"and

'gold bullion' includes gold coin";

(*b*) in clause (*a*) of section 11 the words "or in gold coin which is legal tender under the Indian Coinage Act, 1906" shall be omitted;

(*c*) in section 13—

(*i*) the words "for gold coin which is not legal tender under the Indian Coinage Act, 1906, or" shall be omitted; and

(*ii*) for the figures "II·30016" the "8·47512" shall be substituted;

(*d*) in section 18—

(*i*) in sub-section (*4*) the words "sovereigns, half-sovereigns" and the words "coin and" shall be omitted; and

(*ii*) in clause (*a*) of sub-section (*8*) for the figures "11·30016" the figures "8·47512" shall be substituted;

(*e*) in section 19—

(*i*) in sub-section (*3*), the words "sovereigns, half sovereigns" shall be omitted, and in the *Explanation*, after the word "sub-section," the following words and figures shall be inserted, namely :—

"gold bullion shall be reckoned at the rate of one rupee for 8·47512 grains troy of fine gold, and"; and

(*ii*) in sub-section (*5*), the words "coin or" and the word "coin", where it occurs for the second time, shall be omitted.

Obligation upon Government to purchase gold bullion tendered for sale.

4. Any person who offers for sale to the Governor General in Council at the office of the Master of the Mint, Calcutta, or the Master of the Mint, Bombay, or at any other place notified in this behalf by the Governer General in Council in the Gazette of India, gold in the form of bars containing approximately four hundred fine ounces, shall, subject to such conditions as the Governor General in Council may, by notification in the Gazette of India, prescribe, be entitled to receive payment for the same at the rate of twenty-one rupees, three annas and ten pies per tola of fine gold.

Obligation upon Government to sell either gold or gold exchange on demand

5. (*1*) Any person on demand at the office of the Controller of the Currency, Calcutta, or of the Deputy Controller of the Currency, Bombay, shall be entitled to purchase, at the option of the Controller or Deputy Controller, as the case may be, either gold for delivery at the Bombay Mint at the rate of twenty one rupees, three annas and ten pies per tola of fine gold or gold exchange at an equivalent rate payable in any country outside India specified by such person which maintains a free gold market and which has been notified in this behalf by the Governor General in Council in the Gazette of India.

Provided that no person shall be entitled to demand gold of less value than four hundred fine ounces or gold exchange payable in any one country of less than that value.

(2) For the purpose of determining the equivalent rate applicable to the sale of gold exchange under this section, twenty-one rupees, three annas and ten pies shall be deemed to be equivalent to such sum in the currency of the country in which the exchange is payable as represents the standard price of one tola of fine gold in

that country after deduction therefrom of an amount representing the normal cost per tola of transferring gold bullion in bulk from Bombay to that country, including interest on its value during transit.

(3) The Governor General in Council shall from time to time determine, in accordance with the provisions of sub-section (*2*), the equivalent rate in respect of each country notified under sub-section (*1*), and shall notify the rates so determined in the Gazette of India

---

STATEMENT OF OBJECTS AND REASONS.

The object of this Bill is to give effect to those recommendations of the Royal Commission on Indian Currency and Finance which relate to the immediate stabilisation of the Rupee in relation to gold and to the interim measures required during the transition period pending the bringing into operation of their proposals for transfer to a Reserve Bank of India of the control of the Note issue and other functions at present performed by Secretary of State and by the Government of India.

2. The Commission recommend in paragraph 175 of their Report that the Rupee should be stabilised in relation to gold at a rate corresponding to an exchange rate of 1*s.* 6*d.* gold for the rupee, that is, at the rate of one rupee for 8·47512 grains of gold. Clause 2 and all but the last portion of sub-clause (*c*) (*i*) of clause 3 are designed to give effect to this recommendation and at the same time to remove the legal tender quality of the sovereign and the half sovereign, which are at present legal tender at the rate of 2*s.* for the rupee, in accordance with the Commission's recommendation in paragraph 66 of their Report that these gold coins must be demonetised in order to enable a real gold bullion standard to be established.

3. The Commission recommend in paragraph 166 of their Report that, until the Reserve Bank of India takes over the control of the Note issue, the Government of India must be under a statutory obligation to buy gold and to sell gold or gold exchange at its option at the

gold points of the accepted gold parity of the rupee. Clauses 4 and 5 are designed to give effect to this recommendation and are based on the outline suggested in Schedule V to the Report.

4. Opportunity has been taken to amplify the *Explanation* to sub-section (3) of section 19 of the Indian Paper Currency Act, 1923, which contains the temporary provisions, so as to provide for the valuation of the gold bullion held in the Paper Currency Reserve on the lines of clause (*a*) of sub-section (8) of section 18 which refers to the permanent provisions which have not yet come into force.

5. It was announced in the press communique dated August the 4th, 1926, which accompanied the issue of the Commission's Report, that, pending legislation, the Government would take such steps as may be necessary to confine the movements of exchange within the approximate upper and lower gold points as calculated on the basis of a 1*s.* 6*d.* rupee, namely, 1*s.* 6 3/16*d.* and 1*s.* 5¾*d.*, respectively and the Government undertook in the same communique to lay proposals before the Legislature during the forthcoming Session in order to give the Legislature the earliest possible opportunity of considering the matter. This Bill is designed to give effect to that undertaking.

BASIL P. BLACKETT.

The 4th August 1926.

THE CURRENCY BILL.

The Honourable Sir Basil Blackett (Finance Member): Sir, I rise to move that the Indian Currency Bill be taken into consideration.

This Bill is the first fruits of the Report of the Royal Commission on Indian Currency. At the outset it is my pleasant duty and my proud privilege to express on behalf of the Government and of the people of India our sincere thanks to the gentlemen who are the joint authors of this Reports. Whatever may be our individual views as to details of their recommendations, Indians are a generous

race and I am confident that they join with me in expressing heartfelt gratitude to Mr. Hilton Young and his nine colleagues who have to the best of their exceptional talents done India service on this Commission. I know that I shall be voicing the unanimous sentiments of India in conveying to these gentlemen our thanks for the immense labour, the unstinted expenditure of time and energy which they have brought to their task, and their unswerving determination to give of their best with single-hearted devotion to the interests of India. The Report which they have produced is, I believe, the most important contribution to the problem of India's currency which has been made since the Herschell Committee reported in 1893. The report of the Herschell Committee marked the definite end of the monometallic silver standard in India, and the close of the last period during which India had a real currency standard worthy to be called a standard. It is an immense task for a nation of over 300 million souls to pass over the chasm which divides a silver from a gold standard. Since 1893 India has been endeavouring to cross that gulf. In 1893 the silver rupee was the sole legal tender in India and the sole standard of value. After 1893 it ceased to be the standard of value, but as was inevitable in a continent of the extent of India, thickly populated with citizens of every degree of civilization, a sudden break with the past was unthinkable, and the silver rupee, no longer the standard of value and in truth nothing more than an inconvertible note printed on silver, remained the sole or practically the sole legal tender. And it is the preponderance of the silver rupee in the circulation to-day which is still the main obstacle to a further advance. The history of the rupee since 1893 has been chequered and the period of transition to a new currency standard has been a long and at times a vexatious one. If to many of us progress has often seemed unduly slow and tedious, let us remember always what a gigantic effort was involved in accustoming the peoples of India to a revolutionary change. The fair prospects of the evolution from a silver to a gold standard were rudely checked by the war. The phenomenal rise in the gold value of silver resulted in 1917 and 1918 in a crisis. The authorities of that date—and who of us is entitled to say they were wrong?—rejected the logical but in the circumstances

of March 1918 the highly dangerous opportunity which then offered of making the standard based on the overvalued silver rupee once and for all, what in essence it was, into a standard based on a currency inconvertible internally but convertible into international exchange values at a fixed ratio. The consequence was that for the moment the standard relapsed into the conditions of the period before 1893 and became for the time being once again a monometallic silver standard. When the war was over, there followed the premature attempt in 1920 to re-establish the rupee at a fixed ratio with gold at a time when, as we who are wise after the event can well realise, the hopeless effort was made to stabilise the rupee while India's finances were in disorder, with a war on her frontiers and budget that was in deficit, and when the currencies of the world in a state of chaos. That effort failed as it was bound to fail, and it is idle to deny that the result was inevitably to set back the clock of progress in currency matters in India. Nothing remained but to wait on events, and to postpone the task of fixing new moorings for the rupee until world conditions were sufficiently stable to offer a chance of success to any new effort at stabilisation.

May I be permitted at this point to interject a personal note? This was the condition in which I found the rupee when I landed in India at the beginning of 1923. The rupee had broken loose altogether from its moorings and was drifting in an uncharted sea. Neither the Government nor the country had or could have at that date any final policy as to the future of the rupee. The events of 1920 had created an atmosphere of exaggerated suspicion, yet it was obviously impossible, nor did any one venture to recommend it from any quarter, to attempt to restore stability until Indian finances were once again in order and some semblance of stable conditions had been re-established in the currencies of the world. Further, the atmosphere of suspicion made it impossible to contemplate any decisive action being taken in Indian currency matters, except as the outcome of the deliberations of an authoritative enquiry. If Honourable Members will study my public utterances on currency questions since January 1923 they will find that I have never once attempted to defend either the pre-war currency system of India or

the system (or rather absence of system) as I found it in 1923. My constant plea has been that the conditions as I found them could not be modified in a definitive way until world conditions offered us a prospect of real finality and until an authoritative Commission or Committee had deliberated and reported. Until then, there was no choice available but to make the best of what we had got, to begin by putting India's public finances in order, and to maintain such stability as was possible in rupee prices. I do not think that history will fail to attribute considerable credit to the management of Indian currency by the Government of India in the years from 1921 to 1926.

All this has been changed by the Report of the Currency Commission. We are now at last in a position to look ahead of us. And just as the Herschell Committee led after five or six years to the definite substitution of a sterling exchange, in place of the old monometallic silver standard with a violently fluctuating rupee, so I am convinced will the Hilton Young Commission lead us, in a period of not more than five years, onwards from the transitional exchange standard of the last 30 years, to a real gold and not the silver rupee as our standard of value and the basis for our legal tender currency. It is tempting to dwell on the main recommendations of the Commission. They offer India the prospect of a real gold standard, with the currency and banking reserves of the country at last amalgamated under the control of a single authority independent of Government, in undisputed management of India's currency and credit policies and of the Indian money market. They offer India moreover the quickest practicable means of advance, if she so desires, to a gold currency. I do not entirely agree with the Commission's criticisms of the plan for a gold standard with a gold currency, put before the Commission by the Finance Department of the Government of India. It has been called the Blackett plan, and I do not want to disclaim a fair share of the credit for the plan, but in justice to other members of the Finance Department, and particularly to Mr. Denning, the Controller of the Currency, I feel bound to acknowledge publicly that they too deserve a big share of the credit due for the initiation and elaboration of the plan,

But I must admit that the risks of the plan, particularly in its effect on the silver market, were formidable, and that I am convinced by the evidence given before the Commission, that in the absence particularly of American collaboration in carrying the plan through the Commission were right in adopting a more cautious method of progression. The plan they have adopted is in fact not very dissimilar from the Finance Department's plan up to the end of stage one, but they stop short for the time being at that stage and leave it for the future to decide whether it will be desirable to attempt the further advance to a gold currency at some later date.

But I must get back to that part of the Commission's Report which is really germane to the Bill now before us. The Report is unanimous except for a Minute of Dissent by one member of the Commission, and although that Minute of Dissent is a long one, the Report is realy unanimous, except on two points. One of these is a major point which reacts on the whole of the rest of the Commission's proposals. I refer to the question of the nature of the Bank to which all agree that the control of the currency and of the reserve should be entrusted. After careful study of the document, I incline, to the view that on this point the differences of opinion are not irreconcilable. But the question of the Bank is not under discussion to-day. The other point of difference is one which does not materially affect the main structure of the Commission's proposals, the question whether the gold value of the rupee should be fixed at the equivalent of 1*s.* 6*d* gold or 1*s.* 4*d.* gold. This is therefore in the final analysis a minor matter, but it is nevertheless a matter which is of immediate and indeed of vital importance to the interest of India and unlike the question of the Bank it is a matter which is directly under consideration in the Bill before us. This Bill is, as I have said, the first fruits of the Report. It is of course a purely transitional measure, as intended to have effect only during a short period of years. The big legislative measure which will ultimately result from the Commission's Report will be of vastly greater importance. But the time for considering that big measure has not yet come. We are concerned to day only with those steps which the Commission recommends for the transitional period.

The major recommendations of the Commission involve details of far-reaching importance, as for example the question of the Reserve Bank, and the question of the convertibility of the notes issued by that Bank not into silver rupees but only into gold bullion, details on which it is neither possible nor desirable for the Government of India to express final conclusion to-day. These are matters which require intensive study by the Government and by the people of India before it would be proper for final conclusions to be formulated. This Bill is intended to be a transitional measure, but it points the way from the pre-war exchange standard to a new gold bullion standard on to which, if India so desires, a gold currency may eventually be grafted, so that the standard would then be a gold currency standard. The gold bullion standard, proposed by the Commission, offers India a currency system in no way inferior and in no essential feature different from the currency systems in force in the great countries of the West, in particular England and the United States of America.

With this preamble I am now ready to ask the House to turn to the specific features of the Bill under consideration. This Bill is introduced directly in accordance with the Commission's recommendations. It is not the final legislative outcome of their Report. I should myself feel some hesitation in advocating the acceptance of an unlimited statutory obligation to maintain exchange within the upper and lower gold points of any fixed ratio, and still more the acceptance of a gold bullion standard, unless I were assured that the control of currency and credit policy and of banking and currency reserves is to be united in one responsible authority other than Government.

And here let me make and appeal to the House and the country I am acutely conscious—how could I help it?—of the unhappy atmosphere of suspicion which has surrounded currency controversies in India. I have myself been the victim of this suspicion inherited from a previous period. I deplore it, though I do not think I misunderstand its origin or underrate the cases from which it has sprung. I can only say that since I arrived in India I have striven to my utmost in the advice I have tendered to the Government of

India to serve the financial interest of India, and of India alone, to the best of my ability and in the ways which my conscience and judgment have led me to regard as most truly beneficial to India as a whole. I am not conscious of having been guided at any time in any policy I have advocated by any motive other than the desire to serve India. (Applause). The Government of India are perfectly prepared for criticism on the ground that some other line of policy would have been or would be preferable and ready and anxious at all times to defend and explain the point of view we have adopted and fully prepared to admit that our critics or opponents are equally sincere in advocating some different policy. All I ask is that the honesty of our intentions, as shown in the policies adopted by the Government, should be accepted by the other side. We are now at the beginning of the discussions of the action to be taken on the Report of a Commission on Currency which I regard as epoch-making. Many obstacles great and small, will emerge in our path towards our goal of a new and better currency system for India. Let us not conceal our differences, nor hide our divergencies of view-point, in order that we may the more readily and swiftly arrive at those conclusions which will be best for India. But I do earnestly beg for friendly collaboration, untarnished by unworthy suspicions or bitter accusations. If we can but believe in mutual good faith where we honestly differ, we are half way to agreement. The question whether the ratio of the rupee should be 1*s.* 4*d.* or 1*s.* 6*d.* is a particular point on which irreconcilable differences seem to exist in connection with this Bill. Let us fight the matter out, if we must fight, with whole-hearted pugnacity, but do let us avoid hitting below the belt on either side. (Applause.) Both sides, I prepared to admit, believe their view to be based on the true interests of India as a whole. I repudiate as utterly baseless the suggestion that 1*s.* 6*d.* a non-Indian view. Let us accept this as our starting point and not prejudice the issue by accusations of partiality or of disloyalty to India. This stage is only the beginning. If India is to secure the immense benefits which I believe are derivable from this Report, if the unique opportunity which this Report offers for the crossing of the Rubicon from an exchange standard to a gold standard is not to

be let slip, our united efforts are essential. If we dissipate them now in dealing with this initial question of the ratio, our discord may result in the prize being snatched from our grasp.

This Bill is an interim one only. Nevertheless, the provisions of this Bill, when passed into law, will mean a great step forward for India in the matter of currency standard. As pointed out by the Commission in the first paragraphs of their Report, the currency system which was in operation from 1900 until the outbreak of the war, though described as a gold exchange standard system, was not in fact at the most more than a sterling exchange standard. If I may quote the words of the Commission (paragraph 4):

> "The standard thus evolved was commonly known as a gold exchange standard, although in truth, in so far as it amounted to a definite standard at all, it was a standard of sterling exchange."

Since under the stress of the war and of the rise in the price of silver, the rupee broke loose from its moorings and the effort of 1920 to re-establish the standard on the basis of a rupee at 2s. gold broke down, India has in fact had no currency standard at all. I quote the Report again (paragraph 11):

> "The stability of the gold value of the rupee is thus based, upon nothing more substantial than a policy of the Government and at present that policy can be found defined under no notification or undertaking by the Government. It has to be implied from the acts of Government in relating to the currency and those acts are subject to no statutory regulation or control."

Many of the criticisms made by the Commission will be found in my own evidence before that body. Such is the system which has been in force during the whole of my period as Finance Member, and it could not have been otherwise until we were in a position to fasten the rupee once more to its moorings by statutory enactment. It was generally agreed that the fixing of a new ratio must be preceded by an authoritative enquiry, and the present is therefore the earliest

opportunity that has arisen for fixation. But this Bill does more than simply fix new moorings at which the rupee may safely be anchored. It proposes to impose for the first time on the currency authority a statutory obligation to maintain the rupee within those moorings—a statutory obligation the absence of which from the old system is a feature which has been severely commented on by the Commission. The most important provisions of this Bill, therefore, are those which propose to place a statutory obligation on the Government of India so long as it remains the currency authority, to buy gold at the fixed parity of the rupee and to sell gold or gold exchange at their option at the upper and lower gold points corresponding to that fixed parity. These provisions automatically give India what she never had before, namely, a standard securely linked to gold by statutory enactment. It will no more be possible for the currency authority to allow the rate of exchange to vary above or below the gold points mentioned, or in other words, it will no longer be within the power of the currency authority to let exchange stray away from the fixed rate without coming within the mischief of statutory provisions of an Act of the Indian Legislature. In the system as it existed before the war the provision requiring the Government to give currency for gold operated to prevent exchange rising above the fixed rate, but there was no statutory obligation of any kind on the Government to prevent the rupee falling below the fixed rate, and it was entirely at the option of the Government of India and the Secretary of State whether or not they took steps, as for example, by the sale of what were known as Reverse Councils, to prevent the rate falling. Under the new arrangement, once the Bill is passed into law, this will no longer be possible. India will have definitely advanced on to a statutory currency standard, for the first time since the closing of the mints to silver in 1893. The Commission lay great stress on this part of their recommendations in paragraph 166 of the Report where they say that:

> "We desire expressly to emphasise that this recommendation as to the transition period is of the essence of our proposals. The Government of India should at once publicly announce its acceptance of the obligation as defined and should fulfil

it without variation during the period of transition. We are of opinion that this obligation should be embodied in statutory form."

It is in pursuance of this recommendation—a recommendation for immediate action—that the Government of India now come before the Legislature with a Bill which will embody in statutory from the public announcement already made by the Government of India of its acceptance of the obligation.

The statutory enforcement of this obligation is then the first and main purpose of this Bill, but it is obvious that the Government cannot undertake a statutory obligation to buy gold and to sell gold or gold exchange at the gold points of the accepted gold parity of the rupee unless there is an accepted gold parity fixed by Statute. It is true that there is a Statute at present in existence fixing the gold parity of the rupee at 2*s.*, but that rate has never been operative and, as stated by the Currency Commission, the Government of India have long since publicly abandoned any attempt to restore the 2*s.* rate. It is therefore necessary to fix the rupee at some new rate, and the rate chosen is 8.47512 grains of gold per rupee, which corresponds to an exchange rate of 1*s.* 6*d.* gold. This is the rate recommended by the Royal Commission, subject to a Minute of Dissent by one member. The Government of India agree with the Commission's recommendation. The arguments for and against are fully set out in the Report of the Commission, and the arguments against are supplemented in the Minute of Dissent. I do not propose at this stage to enter into arguments in support of the particular rate adopted in the Bill. Such discussion will come much more conveniently when we are considering the Bill clause by clause. The principle of the Bill, so far as the fixation of the rate of the rupee is concerned, is not dependent on the question what that rate should be. The principle of the Bill is that the time has come when a stable and effective rate should be fixed for the rupee in place of the ineffective rate of 2*s.* now on the Statute-book. In short, the principle of the Bill is that the time has come to stabilise exchange by Statute. It is true that there are still some people who are

afraid of stabilising the exchange. They have seen the enormous fluctuations to which the exchanges of the world have been exposed in the last 10 years, the widespread economic confusion of the war and post-war period and the immense fluctuations in prices, and they are alarmed lest by once more anchoring the rupee India may be exposed to perils owing to economic disturbances in other countries. The Commission have examined this point in paragraphs 168 to 173 of their Report, and have come definitely to the conclusion that :

> "There is not in our opinion any event in the foreseeable future which would be likely to make conditions more favourable for the purpose of stabilisation than they are at present and the outcome of which ought therefore to be awaited, and we are in consequence of opinion that stabilisation should be effected forthwith."

In paragraph 171 they say:

> "A stable exchange is an inestimable boon and it should not be sacrificed or postponed for the sake of a security that is so absolute as to be unobtainable in the practical world."

I do not think many people will question the wisdom of this conclusion. The cry all over India is for stability and the sooner we finally fix the rate of exchange of the rupee the better chance is there for improved economic conditions all over India, for agriculture, for industry, for commerce. The substitution of certainty for uncertainty will be welcomed by everyone and cannot fail to bring economic and social benefit to the country as a whole. Instability inevitably brings undeserved losses upon the people of a country and it is only the speculator and the profiteer who can gain thereby, at the expense of both the producer and the consumer. As I have already said, I do not propose to pursue the question of the rate further at this stage and argue the reasons for preferring 1*s.* 6*d.* to any other rate. The only point which I make is that stability of the rupee ensured by Statute is desirable and desirable at once.

I have now dealt with the two points of principle which arise on this Bill and on which Honourable Members will be called upon

to vote when the question is put that the Bill be taken into consideration. The first point is that the rate of exchange for the rupee should be fixed by Statute and its maintenance at that fixed rate ensured by the imposition of a statutory obligation on the currency authority to maintain it within the gold points, and that it should no longer be at the option of the currency authority, as it was in the past, to let it fall below the lower gold point. The second point is that the time has come for fixing, in place of the present ineffective rate of 2*s.* contained in the Statute passed in 1920, a new rate which will be atonce statutory and effective. Everything else in this Bill is subsidiary and will be better dealt with when we come to the clauses.

It may, however, be useful if I explain the clauses very shortly at this stage. They are obviously very technical in form, but they are really very simple in substance. Under the Indian Paper Currency Act, 1923, the rupee is valued at 11.30016 grains of gold, which corresponds to a rate of exchange of 2*s.* for the rupee. This figure is altered by clauses 2 an 3 of the Bill to 8.47512 grains of gold per rupee, that is, the amount of gold corresponding to an exchange rate of 1*s.* 6*d.* In the second place, under the Indian Coinage Act, 1906, and the Indian Paper Currency Act, 1923, the sovereign and the half-sovereign are legal tender at the rate of Rs. 10 for one sovereign. The Bill now before us proposes in clauses 2 and 3 to take away the legal tender character of the sovereign and half-sovereign in India altogether. It may be asked why do you take away the legal tender character, why not simply make the sovereign legal tender at the rate of Rs. 13 3 per sovereign instead of Rs. 10 at psesent? The answer to this question is contained in paragraphs 65 and 66 of the Report of the Commission. The obligation to sell gold bars for all purposes which is the essential feature of the gold bullion standard which they recommend, makes it impossible to have any gold coin as legal tender without risking the stability of the new system which they recommend. In order to stabilise the rupee at the new ratio it is necessary to alter all those sections in the existing Acts which fix the ratio at 2*s.* It is clearly impossible, therefore, to leave these sections as they stand. You cannot at the same time lay down by Statute that the rupee shall be legal tender at 8.47512

grains of gold per rupee and leave in the Statute-book a section which says that the sovereign shall be legal tender in India at a rate based on the equivalent of 11.30016 grains of gold per rupee. The existing sections obviously cannot be left as they stand. The recommendation of the Commission is that the sovereign and the half-sovereign should be demonetised in order to enable the new gold bullion standard which they recommend to be brought into force. It would therefore be clearly contrary to the recommendations of the Commission if in the legislation now before us we were to make the sovereign and the half-sovereign legal tender at a new rate. I observe that in the Minute of Dissent, paragraph 53, Sir Purshotamdas Thakurdas states that he is unable to appreciate the necessity for the demonetisation of the sovereign, but he goes on to say that as nine of his colleagues are convinced of the necessity as essential to the establishment of the gold bullion standard, he is prepared to view with diffidence his inability to see eye to eye with them and does not press his objections beyond recording his own opinion. When we come to the clauses I hope that I shall be able to satisfy him and the House that the recommendation is a necessary one. For the present I content myself with showing that it was necessary to include in this Bill provisions withdrawing the present statutory valuation of the sovereign as the equivalent of Rs. 10 and that these provisions are an essential part of the action required in order to establish a new ratio for the rupee. In voting that the Bill be taken into consideration the House will not be prejudging their action on the clauses in any way. I have now explained clauses 2 and 3 of the Bill. It is in these clauses that provision is made for fixing a new raito for the rupee.

Clauses 4 and 5 provide for the imposition of a statutory obligation on the currency authority to maintain the rupee at the new ratio by buying gold at the fixed rate corresponding to the new ratio, and by selling gold or gold exchange at their option to anybody who demands it in amounts of not less than 400 oz. fine in the case of gold or the equivalent in case of gold exchange, thereby ensuring that exchange will not fall below the lower gold point. Here again the provisions are of a very technical character and it

will be best to leave their detailed examination till we come to take those clauses into consideration. There is nothing else in the Bill except one small point where, as explained in the Statement of Objects and Reasons, the opportunity has been taken to mend a very minor hole in the Currency Acts. I need not dwell on that now.

In order to avoid unnecessary duplication of debate, I have purposely refrained in moving the second reading from arguing the case for the particular ratio of 1*s.* 6*d.* which this Bill proposes to fix. That question is not I think, strictly relevant to the debate on the second reading, since the principle of the Bill is not that the ratio should be fixed at any particular figure but that the time has come for fixing it. There is, however, one criticism which I have heard in various quarters on which I must say a word or two and in connection with which the question of the exact ratio is important. The Government have been accused of precipitancy in bringing this Bill before the Legislature this Session so soon after the issue of the Report. As against this I am glad to be able to record that it has been recognised in quarters which are not usually on the side of the Government, that the Government are to be congratulated on giving the Assembly the earliest possible opportunity of considering the question. It is I think a sufficient answer to those who accuse us of precipitancy to ask them what they would have said of us if we had refrained from bringing this Bill forward now and had waited till the next Delhi Session. We have been unjustly accused in the Minute of Dissent of deliberately presenting the Commission and India with a *fait accompli*. I am fully prepared to defend the Government against this accusation when we come to the clauses in which the fixing of the ratio of 1*s.* 6*d.* is embodied. Members will, if they care to do so, find the full explanation of how the *de facto* rate came into being in my evidence before the Commission. I do not deal further with that point here. My object is to explain how impossible it was for us not to bring this Bill forward now in this Session. Even the author of the Minute of Dissent admits categorically, in unanimity with the Commission as a whole (paragraphs 177) that if prices in India have to a preponderating

degree adjusted themselves to the 1*s.* 6*d.* ratio, that rate must be adhered to. I do not myself think that there is any valid argument to-day in favour of any other ratio, but the author of the Minute of Dissent maintains that prices have not yet adjusted themselves to 1*s.* 6*d.* and therefore it is not too late to adopt his pet figure of 1*s.* 4*d.* Now it was clearly incumbent on the Government as soon as the Report issued to prevent wild fluctuations and healthy speculation in exchange by announcing what there view was in regard to the ratio in the intention of maintaining the rupee at that ratio in the interval between publication and the carrying of legislation. What would have been said of us if we had deliberately ignored, flouted, insulted the Legislature? I can hear the torrent of accusation gathering force and rolling forth in the House and in the Press if we had quietly expressed our intention to maintain the ratio of 1*s.* 6*d.* without asking for any expression of opinion from the Legislature from August to February. It was clearly unthinkable that we should do otherwise than we have done. We were bound to bring the matter before the Legislature at once as we are now doing. Further, the Bill we are promoting is promoted in direct accordance with the very strong recommendation of the Commission that we should take interim action on these lines fothwith. Finally, is it not obviously in the interests of India that the market should not remain in uncertainty a moment longer than necessary, that the busy season ahead of us should not be hampered by hesitations and doubts and an instability that was no longer unavoidable? Whatever may be said of the particular manner in which the Bill proposes to settle the question, it is an injustice to the Government to accuse them of acting in a precipitate manner, contrary to Indian interests and in violation of public wishes. I recognise that the time available since the issue of the Report has not been as long as many Honourable Members would have desired. The Government themselves would have found it more convenient to have had greater leisure for framing their decisions and considering their procedure. They would have been glad to give time for the merits of this excellent Report to win it the universal support it deserves and will surely

earn as time goes on. They would have been glad to have been able to come before the Legislature with a complete statement of their views on the Commission's recommendations as a whole and thus to have avoided the accusation of piecemeal legislation. We have done what we could to minimise the inconvenience for the public and for Members of the Legislature by arranging for the Bill to be printed in the Gazette on the 7th August. The text of the Bill has thereby been made available for consideration nearly a fortnight earlier than would otherwise have been the case, but if some little inconvenience has been unavoidable, it is due to circumstances which were entirely beyond the control of the Government. Once the Report was issued, no option remained for the Government but to announce that, pending consultation with the Legislature, they would maintain the ratio at 1*s.* 6*d.*, and once they had made this announcement, it was essential that the interval before consultation took place should be as short as could reasonably be arranged. It is true that with a good monsoon exchange is now shewing strength and that during the next six months any action by the Government to maintain exchange is likely to take the form of action to prevent its rising above 1*s.* 6/13*d.* as in 1924 and 1925, and that a fall is unlikely so that no question of the sale of sterling is expected to arise during that period. But we cannot leave the market indefinitely with the threat hanging over it that suddenly the ratio may be altered overnight from 1*s.* 6*d.* to 1*s.* 4*d.* as the result of a vote in the Assembly. This is a very serious threat for all those who have business transactions dependent on the rate of exchange. It is not a gentle and imperceptible change from 1*s.* 6*d.* to 1*s.* 4*d.* which has to be invisaged, but a sudden and catastrophic fall. Clearly the Government had no option but to bring the subject at once before the Legislature and offer them the opportunity of considering it without delay, if they so desired.

Some of the amendments to this motion which appear on the agenda paper involve postponement of the Bill till another Session. I need not at this stage anticipate what the Government attitude will be to those amendments, beyond saying that the Government fully

recognises the strength of the desire in various quarters of the House to secure ample time for a considered judgment.

I revert then to the main question. Three questions are before us for decision at this stage. Do the House think that the time has come to stabilise the rupee at a ratio which will at once be statutory and effective; do they wish to impose a statutory obligation, never before imposed, on the currency authority to maintain the ratio thus fixed in all circumstances; and do they wish immediate legislative action to be taken in advance of consideration of the other recommendations in the Report? It is the unanimous recommendation of the Currency Commission that these steps should be taken. I commend the Bill to the House.

Diwan Bahadur T. Rangachariar (Madras City: Non-Muhammadan Urban): Sir, it is with great diffidence that I rise to speak on the motion which has just been made by my Honourable friend, Sir Basil Blackett. Let me begin by moving the motion which stands in my name, that the Bill be circulated for the purpose of eliciting opinions thereon. I am perfectly alive to the urgency of the measure now before this House; and notwithstanding that knowledge I feel we will be failing in our duty if we proceed to a full and detailed consideration of this important measure at this stage. Before I proceed to detail the reasons which influence me in making this motion, let me in the first place join the Honourable the Finance Member in paying a tribute of praise and congratulation to the Members of this Commission. They began their work unfortunately in an atmosphere of prejudice, and, having regard to the very abstruse nature of the subject and the difficulties surrounding it, we cannot but admire the able and lucid Report which they have presented to us. I for my part am prepared to give them full credit for their honesty of purpose, and I am also quite prepared to believe that in making the recommendations they have made they are endeavouring their best to serve the interests of India primarily. At the same time I must also say a word as regards the Finance Department of the Government of India. Having read the materials which they placed before the Commission, I am struck

3 P. M.

with the ability which they have displayed and the impartiality which they have shown in placing all the materials before the Commission.

This country, Sir, has long been hankering after a gold currency and notwithstanding perhaps the adverse attitude which persons at home may take to such a proposal the Government of India, with their eye solely on the interests of India, have had the courage to put forward that proposal before the Commission, and they have not hesitated to support it with arguments in great detail. Sir, I am sure we must acknowledge the great ability which the Honourable the Finance Member has shown during the last four years of his career in India, He has pulled up the credit of this country. The financial credit of this country is something unprecedented, when once we remember the great struggle we had with our financial question. The great success which has attended his efforts in raising loans at such cheap rates of interest is a marked testimony to his capacity and ability. Sir, we all have our biases, intellectual or otherwise; and I am sure the Honourable the Finance Member is not free from that bias which is a human weakness. I am myself alive to the bias which I have in this matter which affects my country so deeply. If I were to be influenced by my own self-interest I should jump at once at the Report of my Honourable friend, Sir Purshotamdas Thakurdas, for his proposal would benefit me individually, since I am a producer and I produce more than enough for me and I sell a lot, and, therefore, high prices are bound to benefit me personally. But at the same time, Sir we have to look to the interests of the country at large, and that is the question which is beset with considerable difficulties. I confess—I do not know how other Honourable Members are situated in this matter—that I am at sea when I read this Report. I have read it twice; I have read it thrice. (*An Honourable Member*: "Read it again".) My Honourable friend says "Read it again", and that is the very reason why I have come forward with this proposal that the subject should be considered in an atmosphere free from the heat of the moment and in a calm and cool manner. Sir, the time for considering this Report has been rather unfortunate. Immediately on the publication of this Report, an at-

mosphere of prejudice has been worked up to fever heat. That is hardly the way in which you can deal with such an important subject like this. We have had warnings as to how we can make mistakes in a matter like this. Although the Legislature was not to blame on occasion, still the Government were to blame in having rushed to take action on the Report of the 1919 Committee in the way they did and having brought all that loss to this country. But it is hardly necessary to refer to in detail. Once bit twice shy. Therefore, however great the eminent men who have sat on this Commission may be, as we, the Legislature, are asked to impose a statutory obligation on the Executive Government of this country to maintain a particular ratio, it is our duty as the representatives of the people to give our best judgment upon this matter. I do claim, Sir, that we have not had that opportunity to consider the voluminous materials which this Committee have gathered in the investigations that they have made. I can say only that I have read or rather glanced through the evidence of the most half a dozen witnesses. I must say I read Sir Basil Blackett's evidence before the Commission. I also read Professor Jevons' evidence and the evidence of a few other witnesses; but we have hardly had time to go through the mass of evidence contained in the four volume of oral evidence and the appendices. They throw great light on the question—perhaps it would be very difficult to rise from a perusal of them with any accurate information—and probably we may be worse off after having read them and perhaps our instinctive preference may lead us to right conclusions; but that is hardly the right way to do it. We must try our best. I have in my professional capacity handled engineering problems and medical problems; but, Sir, currency and exchange problems are beyond me; and I think they are beyond almost every Honourable Member of this House. It does not matter in ordinary matters, but when experts make mistakes on currency and exchange, I am afraid the millions of this country are bound to suffer. So we are bound to proceed with caution in a matter like this. There are many hidden avenues in this problem; we have got hidden protection concealed somewhere; we have got hidden bounties concealed somewhere. It is very

difficult to take the straight path. We are bound to tread upon the toes of our neighbours if we make a careless movement one way or the other. You have the produce on the one side and you have the consumer on the other; you have the creditor on the one side and you have the debtor on the other; you have the employer and capitalist on one side and the wage-earner on the other. And above all, Sir, we have the taxpayer to take into consideration. How the decision one way or the other will affect these various peoples and factors is a matter of which we can honestly say that we cannot precipitately come to a proper and sound conclusion.

Sir, the Honourable the Finance Member has told us that there are only two principles which underlie this Bill or rather he has led us to infer that the particular ratio which you may have to fix is not so important as the principles which underlie the Bill, namely, is this the time for stabilising the rupee and is the Legislature prepared to impose a statutory obligation on the Government? I quite admit they are the principles underlying the Bill. But how are we to come to a decision on that point unless we are also prepared to say what that ratio is? Is it enough to say: "Yes, the time has come; yes, the statutory obligation may be imposed?" But what is that obligation which is going to be imposed? That is the most material point from my point of view in any proposals on the subject. What is the good of merely stating the general proposition without our being in a position to say what that ratio should be? Sir I have implicit faith in Sir Basil Blackett. But I am also aware that many of my countrymen feel differently in the matter. They think that 1*s.* 4*d.* is the proper ratio to fix in the interests of the country. Sir, Basil Blackett thinks that 1*s.* 6*d.* is the proper ratio to be fixed. And how are we to decide the question? We have to decide. We cannot accept their word without appyling our own judgment. If it were open to me to take a backbencher's place, either on the Government side or the Swarajist side, I would perhaps be relieved from that unpleasant duty which I have imposed upon myself. I would follow my leader implicitly just as the Government backbenchers follow Sir Basil Blackett implicitly. Unfortunately, I have to come to a conclusion myself and it is in attempting that

that I find the difficulties which face me. Sir, I think we can all agree with that unanimous verdict of the Commission when they say that we all unanimously hold the view (and I think it is a proposition which it would be difficult to controvert) that, if it can be shown that prices have to a preponderating degree adjusted themselves to the existing *de facto* rate, then that rate must be adhered to. I do not think, Sir, although I have seen criticisms of that statement from the Calcutta Chamber, that they do not accept that proposition. I do not see how we can escape from that proposition. The question is: has that *de facto* rate been established; has it been established naturally or has it been maintained by artificial means? These are the questions which we have to ask ourselves. How are we to satisfy ourselves in this matter? The Commission is satisfied, or rather the majority of the Commission are satisfied that that rate is the *de facto* rate and that there is not much artificiality about it. I think I am doing justice to them in stating their conclusion in that manner, that it is the *de facto* rate. But, Sir, that is a matter on which perhaps people interested in the daily commerce of this country, in the daily trade of this country perhaps should be given an opportunity of either endorsing that opinion of the Commission or of differing from it. I am sure the many Chambers of Commerce, both Indian and European, would like to have an opportunity to put their experience in the matter and see whether really the *de facto* rate has been established. I have seen criticisms—I do not vouch for their correctness—that the internal prices have to be taken into account in considering this question, and the internal retail prices have not been taken into account by the Commission in coming to a conclusion on that point. Whether that conclusion is right and just is a matter which can only be examined—or rather we can come to a judgment on that criticism only if we have given an opportunity to the merchants and traders of this country to consider the Report carefully and give their verdict in this matter. And again, Sir, for instance, on the question of wages for labour the Commission are not very definite, whereas on the question of adjustment of prices the Commission have come perhaps to a satisfactory conclusion. On the question of the adjustment of wages of labourers they give only a

negative verdict. It is not a positive verdict. I do not know whether it is a professional method of giving a verdict on a matter like that. All that they say in paragraph 193 is:

> "On the whole, we see no reason to believe that there is any general maladjustment of agricultural wages."

Well, that is not a very satisfactory conclusion for us to go upon, to say we shall accept it and accept the fixed ratio at 1*s.* 6*d.* as they recommend, because it is all important. Agriculture is the backbone of this country. Nearly 70 per cent. of the population depend upon it and if really it is going to have an adverse effect on this class and if they have not adjusted themselves to this *de facto* rate, then I think it is time that we should consider that question very carefully. And so, similarly, there are many points I dare say which persons better acquainted with the subject will be able to fix their attention upon and give us the benefit of their advice. I do not at all blame the Government, Sir, for bringing forward this measure. On the other hand, I quite agree it was their duty to bring up this Bill to this House before it is dissolved. It has elicited public attention, it has rivetted public attention You have aroused intelligent criticism on this important Report of this Commission you have aroused public attentions on this subject and, having regard to the action which it is still open to Government to take to maintain the ratio, not to allow it to go up beyond a certain stage or to go down beyond a certain stage, that power is still there, it is not in any way curtailed; no great harm will be done by our not passing this measure at once. There will be no violent fluctuations because, still the Government have got the executive power which they propose to exercise and which by this motion we allow that they exercise, for otherwise fluctuations may take place. But there is this note of warning which perhaps as a layman and as a man in the street I may venture to give. I venture to give the advice on the authority of Sir Stanley Reed, whose evidence before the Commission I read with great care. He rather deplores the fact that the Government took the action it did in April of this year in offering to sell Reverse Council Bills when

there was a downward tendency. He wished that, if really there was a real downward tendency, it should have been allowed to play its part and this artificial method of keeping it up should not have been adopted, for really you cannot come to satisfactory conclusion as to what is a *de facto* rate if really artificial means were resorted to during the time the Commission was sitting. Well, I think there is a great deal of force in that criticism. Although the Commission seem to ignore that criticism, I rather think, Sir, it was a pity the Government did it. The *de facto* rate would have been satisfactorily established if really that action had not been taken. I am sure the Honourable the Finance Member was right when in 1924 he anticipated that the ratio is not going to be 1*s.* 4*d.* but going to be 1*s.* 6*d.* I agree with him perhaps in his estimate of the probabilities of the case, because events seemed to tend in that direction. But can he say distinctly that the events have tended in that direction? Unless we are satisfied about that point—I daresay the Honourable the Finance Member is satisfied about it—having regard to the great divergence of opinion on a matter like that, would any great harm be done by our delaying the consideration of this measure till the next Session? By then I am sure prices also will give ample proof that they have adjusted to this 1s. 6d. ratio. It will therefore be additional evidence in favour of the Commission's recommendation. We will gain some experience. Notwithstanding the uncertainty created by the introduction of this Bill and other things, if the market shows that tendency, and if, in the meanwhile, prices also show that tendency, that will be additional evidence in support of the Commission's recommendation. Therefore, Sir, I think that this is a matter in which some time should be given to us to consider this question. Let us have time to peruse this valuable Report and study it and understand it. Although some of us may not be here, I am sure most of us who are present here will be returned to the next Session. I myself do not expect to be here, (*Voices*: "Oh!") but that is another question. At the same time, Sir, I think the country expects its representatives to study this most important question in all its details because it is a matter of great importance. This is the first time, as the Honourable the Finance Member has told us, that a statutory obligation

is to be imposed upon the Executive Government of creating a particular ratio. If they do it of their own accord we do not mind it, because they are well informed. If Sir Basil Blackett comes to the conclusion that this is the right solution to adopt, he is best fitted to do it. But so long as he asks us for our approval to this ratio, we must plead for more time to consider this question in order to give our deliberate verdict.

I have got one more reason in support of the position which I have taken up to-day, and that is this. In paragraph 167 the Commission point out :

> "We desire to emphasise that our recommendations in the preceding sections of this Report should be regarded as a comprehensive whole and that modifications of any of their integral parts involve the danger of destroying their balance and preventing the efficient and smooth working of the whole."

The above sections include 166 on which action is proposed to be taken by this Bill. Now, what is the effect of this Bill ? As the Honourable the Finance Member has pointed out, he has taken hold of perhaps the least important portion of the recommendations of the Commission for legislative action. He is right in doing that. But at the same time would it not be better that the whole thing should be considered together ? What we have now is the gold exchange standard. With the gold exchange standard the Honourable the Finance Member asks the Legislature to impose the legal obligation upon the Government of maintaining a particular ratio, whereas the recommendation of the Commission is that that statutory obligation should be imposed with a gold bullion standard. I see nowhere—I am subject to correction—any recommendation that this piece-meal action should be taken in the first instance before the Government have come to a decision on the two other main recommendations of theirs, namely, the transferance of the authority of the Executive Government to a Central Bank controlling exchange and currency and secondly a gold bullion standard. The Honourable the Finance Member described this as a transitory measure. Transitory to what ?

Have you decided upon where you are going in order to make this transit? You have left that undecided. You still maintain the gold exchange standard. The Government say that they have had no time to consider that important recommendations. The recognise in their press communique that the Government and the public should have time to consider these two important recommendations. That being so, how can you consider this transitory measure before you decide where you are going to (Hear, hear), where you are transiting to? Let us know it. I do consider, Sir, that this recommendation of the Royal Commission, which has been taken out of its place in this Bill, is part of the main recommendation on these two items. It is transitory to those two recommendations, namely, a Bank which will control currency and exchange and secondly the gold bullion standard. Let us first of all determine upon that before we impose this transitory measure. In the meanwhile, by all means let the Executive Government go on exercising their executive power in the way they have done. They have done it wisely. We have no reason to grumble. We have no reason to quarrel with the way in which the Finance Department have handled our currency and exchange in the last few years. (*Mr. T. C. Goswami*: "Question".) However much you may question, I have nothing but admiration for the way in which the Finance Department have handled the exchange and currency of this country during the last four years. I know where I was in 1921. I know where I was in 1922 when we had to deal with the Budget. (*Mr. Jamnadas M. Mehta*: "Where are you now?") I know where I am now. (Laughter.) I do think, Sir, that the thanks of the country are due to the Finance Department. Nobody can deny that. Any one who has followed the financial crises of this country cannot but be struck with the ability with which the finances have been handled, but that is another question. However much I may give credit to my Honourable friend Sir Basil Blackett, I am not prepared to place implicit faith in his judgment in a matter of this sort. (Hear, hear). For, as I said already, he is also liable to bias. There is likely to be bias because every non-Indian in this country benefits by 1*s.* 6*d.* When he remits his surplus, his savings, he benefits thereby. 1*s.* 6*d.* is a profit to him.

The Honourable Sir Basil Blackett: No.

Diwan Bahadur T. Rangachariar: Every non-Indian manufacturer benefits thereby. It is a profit to him.

The Honourable Sir Basil Blackett: No.

Diwan Bahadur T. Rangachariar: My Honourable friend may deny, it; but that is my impression—my conviction rather. I have a bias in favour of my own country. So, my Honourable friend Sir Basil Blackett must have a patriotic bias in favour of his own country. But I do not say that I flout his judgment. I want to examine that judgment for myself. I want opportunities for considering that judgment. I want the country to have an opportunity of considering that judgment. So, Sir, I move this motion:

> "That the Bill be circulated for the purpose of eliciting opinions thereon."

The Honourable Sir Alexander Muddiman (Home Member): Sir, if I intervene rather prematurely in this debate it is with the object, if possible, of saving the time of the House by indicating very briefly the view which the Government take of the motion so ably made by my Honourable friend. Before I proceed to say anything further, let me remark that from the speech he has just delivered there arises some doubt as to the necessity of the motion because he appears to have studied the Report with considerable skill, if I may say so. The position, as was stated by the Honourable the Finance Member, is that it was the obvious and imperative duty of the Government to bring this measure in for the reasons that he gave the House, and I understand that my Honourable friend (Diwan Bahadur T. Rangachariar) also takes that view. His case in a nutshell is very simple. His speech is really nothing more than a plea for time. He says he has not had time to read this valuable Report and the connected documents and that other Honourable Members also have not had time. He desires to study them even more fully than he has already done. I gather that my Honourable friend is rather rash by nature, for in the course of his speech he said, unless I misunderstood him, that at one time he engaged in medical practice. (Laughter.) Well, Sir, my Honourable friend might have told us what happened to his patients?

Diwan Bahadur T. Rangachariar: I said that I study and understand medical matters in order to cross-examine witnesses.

The Honourable Sir Alexander Muddiman: I beg my Honourable friend's pardon. But it at any rate indicates that he is naturally inclined to be rash in his action, and, therefore, the fact that he feels that this is a subject which must be approached with great deliberation must weigh very much with me, knowing his natural tendency to take risks. The Government most certainly have no wish to thrust this Report down the throat of an unwilling House. They do not desire that Members should be deprived of an opportunity of discussing a document which I think my Honourable friend rightly designated as epoch-making—a document which will undoubtedly have the greatest influence on the future financial policy of this country for a long term of years. Without delaying the House any further, I will say in a word, that if there is on the part of this House general desire that the motion moved by my Honourable friend should be given effect to, the Government will not oppose it and indeed will support it.

Mr. M. A. Jinnah (Bombay City: Muhammadan Urban): I congratulate the Government upon realizing the necessity of supporting the amendment of my Honourable friend for the circulation of its Bill for opinions. Sir, I cannot follow the various reasons which the Honourable Mover gave in support of his amendment. I think, having regard to his admiration for Sir Basil Blackett, he quickly followed his advice and showed wholehearted pugnacity. But I want to make the position clear as far as we are concerned. I am glad, as I said, that the Government have recognized the necessity of accepting and supporting this motion. Sir Basil Blackett, the Finance Member, said that the Government were bound to come to this House at the earliest opportunity. Instead of continuing the policy underlying the recommendations of the Royal Commission by administrative measures or executive measures, they thought that they would at the first opportunity come straight to this House and get the decision of this House. But at the same time he himself recognized and admitted that at this moment the Government of India are not prepared to announce their decision with regard to the entire recommendations

of this Commission which in the words of the Commission are absolutely interdependant. They say:

> "In conclusion we desire to emphasise that our recommendations in the preceding sections of this report should be regarded as a comprehensive whole and that modifications, if any, of their integral parts involve the danger of destroying their balance and so preventing the efficiency and smooth working of the whole."

Now, Sir Basil Blackett admitted, speaking on behalf of the Government of India, that he was not in a position to declare the policy of the Government beyond the Bill. On the contrary he said that he could not and had no authority to announce decisions on any other recommendations of the Commission except these embodied in the Bill which is now before the House. Naturally the question arises as to why the Government of India are not in a position to announce their decision. The answer is obvious, that the India Office and Whitehall have not yet made up their mind, and so the subordinate branch of the administration in India cannot possibly say anything more than what their masters permit, and hence this Bill, which is admittedly piecemeal legislation. Yet I am surprised to find that we are asked to give our decision on this particular point. Now, Sir, apart from the other question with which I am going to deal, is that fair to the Government of India or is it fair to this House? Apart from the question whether this House decides upon 1*s.* 6*d.* or 1*s.* 4*d.*, what is the attitude of the Government with regard to the other recommendations of this Royal Commission? They themselves are not ready. Therefore it is obvious that this Bill cannot really be discussed under these circumstances. The other reasons I do not wish to repeat, but I must say that I do not agree with my Honourable friend the Mover that there is not a single Member on this side who is competent to speak regarding this question. I think we have got some Members who are capable of discussing this question, and capable of putting before us materials which will enable some of us who are more or less in the position of laymen, to concentrate our minds on the questions, and we may also be able to come to a sound

judgment if we patiently study this question and proper time is given. But we find that this Report was published on the 4th August, and, as regards the volumes of appendices and evidence, they were published a few days ago. I did not bring these volumes with me because I anticipated that this matter would probably be adjourned but I can assure you there would not have been room in my rickshaw to carry them. They run to something like 2,000 pages. Well, do you expect the Members of this House within a few days to go through all those materials and form an intelligent judgment? (*Mr. K. Ahmed*: "Hear, hear".) Sir, when I put the question to Sir Basil Blackett the other day as to how long it would take an ordinary man to go through those papers, he replied that I could judge for myself when I had seen them. Well, Sir, our Finance Minister is a superman I, as an ordinary man, can assure him and this House that it will certainly take a very very long time, and I think that if the Honourable Members are ready to discuss it by January next I should congratulate this House. Therefore, Sir, I am very glad that the Government have accepted this motion and are prepared to support; and so there is an end of it.

Sir P. S. Sivaswamy Aiyer (Madras: Nominated Non-Official): Sir, I wish to make a few remarks in support of the proposition which has been so ably moved by my friend Diwan Bahadur Rangachariar. Sir, I do not complain of the action of the Government in bringing forward this Bill at this time of the year. They no doubt have very good reasons for bringing it forward and I am not disposed to quarrel with them. But, on the other hand, I hope the Government also appreciate the position in which we are placed and the difficulty we are labouring under in arriving at a proper conclusion in regard to this intricate subject. The evidence upon which the Commission came to a conclusion extends to something like 1,500 printed foolscap pages, and it was placed on the table of the Library only a few days ago. Very few of us have had the time to go through this mass of evidence. There is a duty lying upon us all to go through the materials for ourselves and come to some sorts of independent judgment upon the Bill which has been submitted to this House. So far as I am personally concerned, I have not been

able to read these terrifying volumes of evidence, reports and documents.

Sir, there is one aspect of this Bill upon which I should like to make some remarks. The Honourable Sir Basil Blackett very rightly laid stress upon the importance of the provision in the Bill which imposes upon the Government the obligation to buy gold and to sell gold or gold exchange. That is one of the cardinal features of this Bill. But the provision does not really go far enough. The most important requirement now of the currency situation is to link the currency to gold in such a manner that it cannot possibly be manipulated in the way that it has been in the past. While clause 4 of the Bill authorises the Government to buy gold, clause 5 does not lay any obligation upon the Government to sell gold to any person who may demand it. The option is given to the Government of selling either gold or gold exchange at their own will and pleasure. Now what does that mean? It means that the Government have the liberty to refuse to give gold, and it gives them the liberty to offer gold exchange. That is a position which is not fair. The present standard, and we shall be in precisely the same position, if the Government are not bound to give us gold bullion at all, but are entitled to give gold bullion or gold exchange as they chose. That seems to me to be the cardinal defect of the Bill. I should like here to pay my tribute to the very able minute of Sir Purshotamdas Thakurdas. Though I may not agree in his conclusions. I cannot help admiring the great ability of that dissenting minute. If there is one thing which Sir Purshotamdas Thakurdas has succeeded in demonstrating it is this, that the past record of the authorities in dealing with the currency problem has not been at all creditable. I do not intend to bring any charge against the Finance Department of the Government of India or Government of India themselves. So far as their record goes, it shows that they have always endeavoured honestly and to the best of their ability to stand by the people of India, to represent their wishes in this matter, to fight for the principles which were laid down by the Fowler Committee as early as 1898, and to give this country that currency which the people desire. Sir Purshotamdas Thakurdas has succeeded in showing that various

departures have been made from those recommendations, and that all these departures have been made at the instance of Whitehall. We may have abundant faith in the integrity, the sympathy and the good intentions of the Government of India, but are we prepared to say the same thing of the wire-pullers of Whitehall? Are we in a position to say.....

Mr. President: Order, order. These things are hardly relevant to the motion before the House.

Sir P. S. Sivaswamy Aiyer: Sir, I am referring to these matters for the purpose of showing that we cannot rest content with the position taken in the Bill, and that unless it is possible for the Government to give us a more satisfactory assurance on this subject it will not be possible for us to give our approval to the Bill: and I desire that the opportunity which will be given by this dilatory motion will be utilised by the Government for the purpose of reconsidering the matter and giving us a satisfactory assurance on this question and committing themselves in the Statute to a declaration that they will be bound at any particular time which they may choose to mention as soon as the transition period is over, to give gold in exchange to any person who wants it. That is one of my reasons for supporting this motion which has been brought forward by my Honourable friend. Upon the other question, Sir,—with regard to the ratio—I find that the time which has been given to us to make up our minds is not really sufficient. We require to study the evidence, and we require time to come to a really considered conclusion upon the question whether the ratio that is proposed in the Bill is the proper ratio or some other ratio should be adopted. For these reasons, I support the motion which has been moved by my Honourable friend.

Mr. President: The original question was :

> "That the Bill further to amend the Indian Coinage Act, 1906 and the Indian Paper Currency Act, 1923, for certain purposes and to lay upon the Governor General in Council certain obligations in regard to the purchase of gold and the sale of gold or gold exchange, be taken into consideration."

Since which the following amendment is moved :

"That the Bill be circulated for the purpose of eliciting opinions thereon."

The question I have to put is that that amendment be made.

The motion was adopted.

No. T. 2155, dated Bombay 27th October 1926.

From Chamber to the Government of Bombay Finance Department Bombay.

In reply to your letter of the 10th September 1926, No. 5060 A, inviting the opinion of this Chamber on Currency Bill, I am directed to submit the views of my Committee as follows :—

2. The Bill referred to the Chamber raises two questions of primary importance to the country, and these questions happen to be the same ones on which this Chamber have been repeatedly addressing the Government of India in the Finance Department during the last few years. Of the two objects aimed at in this Bill, the one referring to the obligation on the Currency Authority to buy gold and to sell gold or gold exchange at their option at the gold points of the party that may be fixed by the Assembly, raises the most vital question of the standard under which the Currency system of India is to work. The country as a whole, and the Commercial Community in particular, including the Chamber, have repeatedly submitted to the Government, that nothing but a real Gold Standard with Gold Currency in circulation will satisfy India. It is an irony of fate that despite the very first inquiry instituted by the Government of India regarding the best standard to be substituted for the silver Standard in India (Herschell Committee of 1893) and the next (the Fowler Committee of 1998) both having recommended an honest Gold Standard with Gold Currency in circulation, the Executive authority in India evolved a scheme for a standard subsequently christened as the Gold Exchange Standard, inspite of the

continued protests not only from the people of India, but also from the Government of India. The Committee note that the Royal Commission of 1926 have completely disapproved of this Standard as unsuitable for India, and they were expecting this Commission to confirm the recommendations of the Fowler Committee. Instead of this the Royal Commission have recommended a standard which evidently has been found necessary only for those countries in the West, which had their currency systems badly shaken by the war. My Committee do not endorse or agree with the grounds on which a full-fledged Gold Standard and Gold Currency in circulation have been rejected for India at the moment. They, however, do not wish to repeat their various arguments advanced in the past and wish to enquire as follows:

3. Do the Government of India propose to make statutory provision for free inflow of gold into India for monetary purposes without any let or hindrance or any discretion to the Currency Authority to divert the balance of trade in favour of India by purchasing what are called gold securities abroad? The Committee fully endorse the recommendation of the dissenting Member of the Royal Commission (paragraphs 51 and 52 of the Minute of dissent), who recommends that further free inflow of gold into India will be ensured by statute.

4. They further wish to enquire if the Government of India are prepared to give an undertaking that when India has adequate gold reserves, Government would introduce Gold Currency in India, when the Legislature of India ask for the same. Paragraph 57 of the Majority Report indicate this and the country would like to know if this recommendation of theirs is endorsed by the Government of India.

5. The Gold Bullion Standard is absolutely unacceptable to my Committee even temporarily unless satisfactory assurances regarding these two questions are forthcoming, and my Committee would like to know what the Government of India's views are regarding these two questions.

6. Whilst my Committee do not wish to go into the details of the Gold Bullion Standard until their enquiry above is replied to, they wish to bring to the notice of the Government of India the feeling generally prevalent in the country that even with a satisfactory undertaking regarding the above two questions, the standard of 400 ounces gold bar as embodied in the Bill is unsuitable for India. It is true that in those countries where a Gold Bullion Standard exists, 400 ounces is the minimum standard for purchase or sale of gold by Government. India being a poor country there is a general feeling amongst the people that this minimum of 400 ounces should be considerably reduced, say, to a hundred ounces and my Committee wish to bring this feeling to the notice of the Government of India for their favourable consideration.

Coming to the Currency Bill itself, my Committee wish to say at the outset that they emphatically protest against the rate of 1*s.* 6*d.* recommended by the Currency Commission, because it is a rate that will be extremely harmful to the millions of producers in this country. That a Royal Commission, specially appointed to investigate this question, should have merely tried to find out arguments in support of a rate at which the Government had been aiming long before the appointment of this Commission and which the Government had kept up by artificial manipulation shows that this Commission has failed to take an impartial view of the question and merely considered it its duty to give its blessings to a rate which the Government had already fixed upon as their objective.

8. My Committee consider that this Commission entirely failed in its duty when it lightly passed over the principal objection that a standard of money payments should not be trifled with, because it would vitiate all contracts and, if my Committee may be permitted to put it more plainly, would operate as a fraud on one or the other party to such contracts. My Committee, therefore, consider that any change in the standard of value *viz.* 1*s.* 4*d.* gold, that has been deliberately adopted when this country went over to the Gold Standard, should not be permitted, apart from any question of the interests that may be affected. However, even a consideration of

the various interests that are likely to be affected ought to have driven the Commission to the same conclusions if they had at all been anxious to try and arrive at the right conclusions. They had themselves told us that during a period of adjustment of conditions to a particular rate, certain sections of the community would be benefited at the expense of certain other section, and that a reversion to the 16*d.* would benefit debtors, exporters and employers of labour at the expense of creditors, importers and wage earners, This argument implies the converse that the artificial rigging up of Exchange to 18*d.* would benefit creditors, importers and wage-earners at the expense of debtors, exporters and employers of labour. My Committee are unable to take the view that a violation of the standard measure of value of this country could be justified by any consideration of the interests of any particular class, but even granting, for the sake of argument, that such interests should be considered and that such considerations would be a justification for tampering with our standard measure of value, my Committee would beg to point out that any impartial consideration of the interests concerned would have led the Commission to recommend a reversion to the pre-war ratio rather than the proposed ratio of 1*s.* 6*d.*, because any consideration of the respective interests of debtors against creditors would have at once shown them that the debtor class meant all the immense agricultural population which is notoriously submerged in debt, apart from a very large section of the urban population, and it would also include the Government through their large outstanding public debt, while the creditor class would include the comparatively very small number of bankers, financiers and investors. The Government are constantly claiming a very close and sympathetic interest in the welfare of the agricultural population of this country and it is surprising that the same Government should deliberately put up the value of the monetary unit in which some 700 or 800 crores of debt of the agricultural classes has been incurred, and should thus increase the real burden of debt on these classes by a hundred crores. The same applies to the 500 crores of public debt of the Government of India, apart from a further very large sum of debt outstanding by semi-public bodies, the real burden of all of

which is going to be raised by 12½ per cent, say, another 70 to 75 crores, and which will all have to come out of the pockets of the taxpayers in the form of commodities and services.

9. Then, again, my Committee are surprised to see this Commission of reputed experts lightly using the vague terms "exporters" and "importers" to mislead the lay public by making them think that the parties concerned were the middlemen, whereas the real party chiefly affected adversely by the lower prices of our exports is the same immense agricultural population of this country. The same fallacy is continued in talking of the interests of employers as against wage-earners. It is strange that they should have failed to see that the reduced prices of the products of our industries due to manipulation of Exchange would make the carrying on of such industries unprofitable and would thereby throw on the streets not the millionaire agents of such industries but the many thousands of few workers in such industries. The glossing over of the real issues involved in these terms: "debtors" and "creditors", "exporters" and "importers" and "employers of labour" and "wage-earners" clearly make this Commission liable to the charge of special pleading, and it is impossible for any thoughtful section of the people of this country to express their heart-felt gratitude to Mr. Hilton Young and his colleagues in the majority report as the Government of India invite them to do. Not only these gentlemen have evaded the real issues and made unfounded assertions pass for arguments but have gone further and tried to discredit the dissenting minute of Sir Purshotamdas Thakurdas by merely saying that the accuracy and the completeness of his figures had not the authority of the Commission, although it was open to them, and it is still open to the Government of India, to show where these figures are inaccurate. The Chairman of this Commission has even gone to the length of praising his own work in his own paper, "The Financial News", and trying to throw further mud on the dissenting minute by saying that "the arguments adduced by the cotton interests in Bombay in favour of a 16*d.* rate were all in one form or another our old friend, the manufacturer's plea for a dose of inflation" (a most misleading word, in the opinion of my Committee, to use in this

connection). Mr. Hilton Young recommends his readers to read the report at length, if (according to him) the overwhelming weight of reasons for 18*d.* ratio were to be appreciated. My Committee have read the report very carefully and are compelled to say that unfounded assertions and statements likely to mislead the layman as in the case of "debtor" and "creditor", etc, to which we refer above are made to do duty for reasons and sound arguments.

10. The very marked bias with which the Commission have approached the study of the question cannot be more clearly seen than in their paragraph 193, where they talk of the cotton interests wishing to produce a concealed reduction in wages of 12½ per cent, and pompously go on to tell us that they do not regard it a sound policy to use currency as a lever to *reduce* real wages, whereas if they had been taking a correct and judicial view of their duty they should have pointed out that the Government of India had used currency as a lever to *increase* real wages and have told the Government of India to set this right once more. The Finance Member, in his speech introducing the Currency Bill, says: "Let us fight the matter out, if we must fight, with whole-hearted pugnacity; but do let us avoid hitting below the belt on either side". My Committee wonder what epithets the Finance Member proposed to apply to the tactics of the signatories of the majority report, and particularly that of its Chairman, who is doing his best to puff up this report through his own paper as its readers were told by its New York Correspondent that opinion in America on the report was entirely favourable and occasional recriminations from those whose interests were immediately affected adversely where over-whelmed by praise for "the courage and perspicacity of the men who laid out the course that India was about to take!" Courage and perspicacity, indeed! My Committee would not have cared to take any notice at all of this propaganda in favour of his own report by Mr. Hilton Young but for the appeal made by the Finance Member to "avoid hitting below the belt on either side".

11. What my Committee regret even more is the threat conveyed in the same speech; "If we dissipated our energies in

in dealing with this question of the ratio, our discord might result in the prize (*viz.* the gold standard) being snatched from our grasp." If this means anything it means that if the Legislature considers it in the best interests of the country to revert to the 16*d* ratio, the Government of India will take no further steps in the direction of a gold standard. My Committee would respectfully ask why and how the gold standard is more compatible with the 18d. ratio than the 16*d*. ratio. They also entirely demur to the statement of the Finance Member that the question of the ratio was a minor matter. The ratio is a thing which directly or indirectly affects almost every possible relation between man and man and to declare it a minor matter shows a total want of appreciation of its far-reaching effects on the economic life of the country. Again, if it is a minor matter as Government would make it out to be, why do they try to impose it upon the Indian public inspite of most emphatic protests from all parts of India? If the Government of India really believe it to be a minor issue, why have they frittered away, in the past four months, a very considerable part of India's Gold Reserves in order to maintain the Rupee at 18*d*? This action of Government abundantly makes it clear that, in their eyes, the ratio is really the major issue and must be supported at all costs even if it endangers the establishment of the Gold Standard.

12. In view of all that has been said above, my Committee disagree with the modifications of the Indian Coinage Act and the Indian Paper currency Act as proposed in the Bill, and urge that the same be recast to conform to the ratio of 16*d*. as otherwise my Committee are very apprehensive of a very serious economic crisis in this country at no distant date with the further fall of world prices which is under way today. They would, therefore, recommend that instead of the Rupee being now rated at 8.47512 grains it should be rated at 7.53314 grains as it stood before the ill-advised legislation of 1920. They further urge that the sovereign and the half-sovereign should continue to remain legal tender. The Currency Commission has proposed that the new currency authority shall buy and sell gold bars and will not be under any obligation to give gold coins, but my Committee fail to see why that should come in the way

of the very large amount of sovereigns and half-sovereigns (nearly 200 crores of rupee worth) that had been imported into India since 1900 and that presumably figure in our hoards from coming out into circulation. They are also unable to see why allowing the sovereigns to continue legal tender was impossible without risking the stability of the new system which they recommended. My Committee cannot help feeling that this demonetization of the sovereign has nothing to do with the stability of the new system which would rather be strengthened by the coming out of the sovereigns from the so-called hoards, if any. They are inclined to think that the real motive of the demonetization is that the sovereign does not very well fit in with the new ratio of 18d, and the Government are anxious to obliterate from the minds of the masses any memory of the present tampering with the standard ratio of the country. My Committee would, therefore, urge that not only should the ratio be 16d., but that the sovereign and the half-sovereign should continue to be legal tender as in pre-war days. There need be no obligation on the Currency Authority to provide such coins for circulation the authority being bound to provide bullion alone, until such time as the Indian Legislature decides that it should provide gold currency also.

13. The next point that my Committee would emphasise is that Clause V of the Bill should be so modified that there should be no option to the Currency Authority to give gold exchange. It is necessary to elaborate this point a little in order to explain why my Committee consider the option to give gold exchange as undesirable. If the currency authority is to give gold exchange it must provide itself with necessary credits in gold standard countries which will mean that instead of allowing such gold as may otherwise come to India in payment of her favourable balance of trade to come to this country, it will be diverted to such gold standard countries and converted into credits in the Central Banks of those countries. It was exactly this that was done in pre-war days by the Secretary of State for India, when he sold Council Bills far beyond his requirements for Home Charges and thus diverted to England the gold that would otherwise have come to India. He

thus created sterling credits in London, out of which he could, and, as a matter of fact several times did, sell sterling exchange when the balance of trade had gone against India. It was euphemistically called the gold exchange standard and it was this particular aspect of it *viz.* the diversion to London of gold that rightly belonged to India that had evoked the strongest protests against the system in the past 30 years. What the Secretary of State did was an abuse of the powers vested in him, because such legislation as then existed provided for currency to be issued against gold only. The consequences of this mis-management of our Currency Reserves were that this country had at its credit at the end of the war an immense amount of sterling exchange, the fate of which is notorious. If the Currency Commission had worked with a single eye to the interests of India, they would never have recommended a continuance of this practice of keeping of balances not only in England as was the case till now, but in various other countries. Experts as some of the members of this Commission were considered to be, they could not have failed to appreciate the risk of keeping such India's gold in different parts of the world not as gold but as gold credits.

14. The best comment on what the consequences would be is given in the evidence of the Governor of the Federal Bank of New York (Vide. Vol. V, page 317). He told the Commission that prior to the war American Commercial Banks doing international business maintained accounts and balances with foreign correspondents in various parts of the world and that the maintenance of those accounts became a matter of some hazard when the gold standard broke down. My Committee submit that this was, probably, very much an understatement of the case, as, with the debacle in various European currencies, some of these balances must have been wiped out altogether. That the Royal Commission and its expert members should have at all recommended a procedure fraught with such serious hazards to India shows that they were not actuated by any concern for India as by concern for the various Continental countries who would find it inconvenient to pay India in hard cash (*i. e.* in gold) and would only be too glad if India accepted a book credit in the books of their Central Banks.

It is all very well to say that such credits will only be maintained in gold standard countries. This was exactly what the American commercial banks had done and they found out their mistake when it was too late. There is, in the report of this Commission, a great deal of pious talk about the necessity of co-operation between Central Banks of the world but may Committee think that this co-operation would come equally effectively in another way and that was also indicated in the evidence of the Governor of the Federal Bank of New York above referred to. He there said that the practice had now quite changed and most foreign commercial banks were maintaining balances with American banks and he explained that the unusual development which had taken place lay in the fact, that, quite contrary to the practice before the war, almost all the Banks of Issue of the world now maintained accounts in New York. My Committee submit that if there is to be any co-operation between India and other countries of the world in the matter of gold movements, it is they that should be invited to keep their balances in this country, as they now do in New York, and they can then draw on such balances whenever needed. India could meet such drafts without any particular inconvenience as she has a favourable balance of payments in nine out of ten years, but under no circumstances should this country agree to keep its own balances in any other country.

15. My Committee would, therefore, urge that it should be an obligation on the Currency Authority to give not gold exchange but *gold only*, and for this purpose the selling price of gold should be adjusted to fit in with the lower gold point, so that there may be no danger of gold being withdrawn from the Currency Reserves except when justified by the position of the balance of trade. My Committee do not overlook the fact that the present gold resources in the Currency Reserves include a large amount of sterling credits and not gold and they would see no objection to the Currency authority being allowed for the time being to sell sterling exchange, provided it was limited to the amounts now in hand and no further sterling credits were acquired hereafter. My Committee would also make it clear that

they are aware that this authority to sell gold exchange is supposed to be for the transitional period only, but they are very much afraid that it is merely the thin end of the wedge to prepare the public for a diversion of India's gold to other countries besides England, so that when the proposed Central Bank begins to operate, it may buy and sell gold exchange without its operations becoming the subject of serious comment. They consequently consider it necessary to record their emphatic protest against the inauguration of this most undesirable practice even in the transitional period.

16. While my Committee, as practical businessmen, are prepared to agree to use of these Reserves in the way the least harmful to the interests of England, they regard with very grave concern the further dissipation of these Reserves that has been in progress for the past six months. The Reserves of gold or gold securities that India possessed when the Commission was called together were considered in various quarters to be too inadequate for India to risk a real Gold Standard, and yet the Government, which now profess an anxiety to place India on a real gold standard, have started dissipating these reserves at a rapid rate. They have always claimed that whatever they do is in the best interests of this country, but their action in respect of these reserves has been in strange contrast with that of the British authorities. Thus while the Bank of England was helped in every possible way during the war and the years immediately after it to add its resources even at considerable cost, the Government of India dissipated the £ 55 millions that then existed in the Indian Paper Currency Reserve in a most ill-advised attempt to put the Rupee at 2 sh. and the only consolation this country got for its immense losses was a very belated admission from Government that it was an unfortunate mistake. Thanks to India's favourable trade balances, these sterling reserves had been once more built up and stood on 31st March last at £ 29 millions. To-day while every million pound going out of the reserves of the Bank of England is regarded by financial circles and by the Government in that country with the utmost solicitude, we find the Government of India once again dissipating India's reserves in another ill-advised attempt to keep the Rupee at 18*d*. £ 15 millions lost by

the Bank of England out of its immense reserves of £ 150 million odd would send a shiver through the English financial market and yet the Government of India have, since 1st April last, already dissipated £ 15 million out of India's much smaller reserves and are evidently determined to persevere in this most ill-advised course to keep the Rupee at 18 *d*, cost what it might.

17. My Committee have already recorded their strong protest against this artificial deflation in the past few years which has been having a most adverse effect on India's producers, whether agricultural or industrial; and with the further considerable decline in the past few months in agricultural prices, my Committee are very apprehensive that matters are steadily tending towards a crisis in agriculture as they have already done in our industries, but the aspect of this deflation that my Committee wish here to emphasise in connection with the Currency Bill is this rapid depletion of our once too large Reserves which may once more be made the ground for refusing to place India on the Gold Standard. My Committee are consequently inclined to ask: Do the Government really desire to put this country on the Gold Standard? If so, is depletion of India's Reserves the best way to do it; or is it that they consider the ratio far more important than the Standard and will keep the Rupee at 18*d*., whatever the loss to our Reserves? Is the country once more to be foiled in its aspirations to be placed on a real Gold Standard?

APPENDIX 19.

TRADING IN GOVERNMENT SECURITIES.

No. 2902 A., dated 10th February 1926.

From the Government of Bombay, Finance Department to Chamber.

It has come to the notice of the Government of Bombay that the Native Share and Stock Brokers' Association, Bombay, has given

notice of its intention of permitting trading in Government Securities on and after the 15th instant, under the rules which have already been published by Government in the *Bombay Gazette* of the 21st January 1926.

Though this action was taken without consultation with Government, I am to say that Government have no intention of taking any action which might lead the public to suppose that forward trading in Government Securities is obnoxious to Government. But since there is reason to believe that opinion differs regarding the merits of the rules as drafted, I am directed to request that your Chamber will give Government the benefit of your opinion on the rules which relate to trading in Government Securities in advance of any criticism you may be preparing on the general body of rules prepared by the Association. In particular your opinion is invited on the unit of trade which has been fixed at Rs. 10,000, whether this is too low a figure, and on the question whether a fortnightly settlement of business in Government Securities would not be preferable.

Since the first settlement is due to take place on the 1st March, I am to request that Government may be favoured with a reply before the 23rd instant.

No. T.-527, dated 3rd March 1926.

From Chamber to the Government of Bombay, Finance Department, Bombay.

Your letter No. 2902-A., dated the 10th February 1926 on the subject of forward dealings in Government Securities was duly placed before my Committee and they are of opinion that :—

(1) the unit of trading should be Rs. 50,000 ; and

(2) the settlements should be fortnightly.

APPENDIX 20.

BUDGET OF THE GOVERNMENT OF INDIA FOR 1926-27.

Dated 2nd March 1926.

Telegram from Chamber to the Government of India, Finance Department, Delhi.

"Committee Indian Merchants' Chamber while welcoming the final removal of the odious Excise Duty regret that claims of Bombay in the matter of relief from Provincial contributions have been once more ignored inspite of Bombay's heavy deficit budget while special relief has been continued to Bengal. They also consider it misleading to use eighteen pence rate of exchange for the figures of public debt because it shows the burden of our foreign debt at a much lower figure than was shown in a similar statement last year while the burden in terms of gold remains absolutely the same. They further regret that even four years after the report of the Inchcape Committee it has not been found possible to bring down the military expenditure to the figure of fifty crores suggested by that Committee and urge substantial reduction in military expenditure during the current year. Committee also regret Government's attitude in the matter of reduction of Postage charges and consider the illustration by means of index numbers given in paragraph 65 entirely misleading because according to the figures given therein India should be overwhelmed with imports and be unable to export whereas the reverse is notoriously the case and shows that Indian price level must be below world level. Committee strongly urge separation of accounts of Postal Department from those of the Telegraph and Telephone Departments when a reduction will appear fully justified by earnings of the Department at least in the matter of three pies postcard. They further urge consideration at earliest possible opportunity of total abolition of company super tax which operates as a very odious form of double income-tax. Inchambu."

APPENDIX 21.

ALLOCATION OF DISCOUNT AND STAMP DUTIES TO CAPITAL ACCOUNT WHEN RAISING LOANS BY THE BOMBAY PORT TRUST.

(Vide item No. 34 of the Chamber's Report for 1925.)

No. 4186-E., dated 1st March 1926.

From the Government of Bombay, Finance Department to Chamber.

With reference to your letter No. T.-1531, dated 2nd November 1925, on the above subject, I am directed by the Governor in Council to state that the Government of India while expressing preference for the more strict practice, have agreed to the proposal of this Government to allow the Bombay Port Trust to debit to the Capital Account all charges on account of stamp duty and other incidental expenses in connection with the raising of their loans.

APPENDIX 22.

RECOMMENDATIONS OF EXTERNAL CAPITAL COMMITTEE RE USEFUL EMPLOYMENT OF INDIAN CAPITAL AND BANKING FACILITIES.

No. 4373 D. dated 19th February 1926

From the Government of Bombay Finance Department to Chamber.

I am directed by His Excellency the Governor in Council to invite the attention of your Chamber to the report of the External Capital Committee, a copy of which is attached for the Chamber's perusal, and to state that the Governor in Council will be glad to

receive your views on the recommendation of the Committee in paragraphs 9 to 16 for the development of the internal capital resources of the country and the increase in facilities for the profitable employment of money. The Committee recommended a general survey for the purpose. The Governor in Council will welcome any information or suggestions which the Chamber may have to make with regard to the best method of subsequent procedure either by the appointment of a committee or committees or otherwise to deal with special problems. The various points on which Government desire your Chamber's advice are :—

I. The means whereby deposits might be encouraged.

The following classes of deposits and the means of providing increased facilities for them might be considered :—

(i) Current accounts with Banks including the Savings Bank schemes of the Post Office and the Imperial Bank.

(ii) Short term deposits with Banks.

(iii) Postal Cash Certificates.

In this connection the question of the issue of deposit receipts in the vernacular might be considered as well as the question of the formation of Banks in places where none exist at present. In an address on Indian Banking and Monetary Progress given by Sir Basil Blackett some time ago, he remarks "If banking in rural areas is to be developed to the extent required, it will, I think, have to be by the recognition of the indigenous banking system and its adaptation, rather than by its supersession by joint stock banks managed on western lines. It would be desirable also if some method could be found, as for example has been done in the American system, for linking up the small rural banks from below with the Imperial Bank system from above." The Governor in Council would be glad to have your Chamber's suggestions regarding the better utilisation of the indigenous banking system from the village money lender onwards and its incorporation with the general banking system of the country.

II. The provision of proper banking education on western lines so as to create a class of trained bankers.

III. Closer inspection and control of joint stock banks by Government and their audit, if desired by the banks themselves.

IV. The extension of remittance facilities such as Bank Post Bills, Telegraphic Transfers, Supply Bills, etc.

V. The question of giving more facilities for clearing the cheques of private firms upcountry. Should the privileges of clearing houses be extended to registered private banks of suitable status as well as to joint-stock banks in upcountry markets where indigenous banks are of greater importance?

VI. The extension of the market for Government securities by the creation of Public Debt Offices in places other than Presidency towns and the development of stock broking in such centres by the creation of Stock Exchanges for dealing with securities in general.

VII. The increase of credit facilities particularly of long term credit for agriculture and industries.

The development of land mortgage institutions and industrial banks for the purpose.

VIII. It has been suggested that the produce of agriculture and industries can be financed by negotiable instruments to a greater extent than at present. Government may be favoured with any suggestions that your Chamber may have to make with regard to the creation of such instruments and their discounting and re-discounting. If your Chamber have any views as to the alteration of the law regarding negotiable instruments, they may also kindly be stated.

In the address mentioned above, Sir Basil Blackett has stated "I would suggest that one essential is that we should have in India at least one type of instrument which will not only be drawn payable to bearer but will remain payable to bearer in spite of anything that anybody may write on it, short

of cancellation. No one need be compelled to accept such an instrument unless he wants to, and it would still be open to him, for any purposes which he prefers, to use some other instruments payable to order. It might well be considered whether we could not have a standardised bill of exchange printed on Government stamped paper both in English and the principal commercial vernaculars or at least the principal commercial vernaculars of particular provinces, with blank spaces for the names of the drawer, the drawee and the acceptor." Your Chamber's views on this suggestion are invited.

No. T.-1736, dated 29th March, 1926.

From Chamber to the Government of Bombay Finance Department, Bombay.

I am directed to acknowledge your letter No. 5373-D. dated 19th February, 1926, covering a copy of the report of the External Capital Committee.

The Committee of this Chamber recognise the supreme importance in the economic life of the Country of issuses which are raised with a view to improvement of the banking organization and more intensive utilisation of the money resources of India. They have read the remarks of the Finance Secretary in the Council of State and they would welcome the appointment of a Committee with non-official majority and adequate representation of Indian interests to have a minute survey of the problem raised and when such a Committee is appointed this Chamber would be glad to assist it in every possible way. My Committee consider that various issues raised in your letter can be more profitably dealt with by such a Committee and they therefore do not wish to go into any such issue at present.

I am however, directed to mention specifically one point, *viz.*, the very important place which the Imperial Bank of India occupies as the keystone of the entire banking system of the country. As a regulator of the money rates in the country and as Government bankers as well as with extensive privileges in remittance etc., the

Imperial Bank is likley to play a very important part in any reforms which may come to be recommended by such a Committee. Under these circumstances it is desirable that the constitution of the Imperial Bank, which is at present unsatisfactory, should be brought in greater consonance with public demand. As a profit-earning private enterprise the utility of this institution is likely to be impaired by the jealousy of the tax-payer at any additional privileges being handed over to that body. While the Imperial Bank of India Act at present gives a certain amount of control to the Government of India the Government of India are always able to plead that they have no voice in the internal administration of the Bank. This position is unsatisfactory. My Committee see no reason why the whole issue of the organization of the State Bank should not be revived and this purpose would probably be achieved by an outright nationalisation of the Imperial Bank or by a greater control exercised by the State with some method of division of surplus profits. My Committee cannot approve of the displacement of the indigenous machinery for the handling of produce, whatever criticism there may be against this machinery, if displacement will place farmers and traders alike at the mercy of the Imperial Bank without the necessary alteration in the constitution of that Bank.

My Committee would draw attention that the consideration of the proposal for a State Bank in India was an important item recommended for special examination by the Chamberlain Commission, of which Sir Basil Blackett, now Finance Member was then Secretary, This issue has subsquently been shelved on account of the war and the aftermath thereof, but in view of more settled conditions and in view of the changes which the recommendations of the Currency Commission might involve, the full bearing of the present position of the Imperial Bank in the banking system of the country must be carefully examined.

My Committee trust that whatever action the Government propose to take in these directions will be prompt and that the proposed banking enquiry will precede the findings of the Agricultural Commission, whose work would be very incomplete without a careful

expert examination of the method by which agricultural produce is financed at present.

With regard to the last paragraph of your letter, my Committee would ask Government to go very gingerly about the introduction of any reforms in the direction of uniformity in the bills of exchange at present in vogue as, if the purposes of these reforms are not understood, they might do more harm than good.

APPENDIX 23.

TRANSACTION FACILITIES IN GOVERNMENT OF INDIA STERLING SECURITIES IN INDIA.

No. T.-1054 Dated the 4th May, 1926.

From Chamber to the Government of India Finance Department, Simla.

You are no doubt aware that there is at present a considerable disparity between the rupee securities of the Government of India and the sterling securities issued in England by the same Government, and that the latter give a larger yield. This has led to purchases of such sterling securities by investors in this country and my Committee feel that this tendency requires to be encouraged in the best interest of the country. They believe that the Finance Department also welcomes such a development because Sir Basil Blackett sometime ago himself foreshadowed a time when India would have bought back its own sterling debt.

If as my Committee believe the Government of India are also desirous to encourage this tendency of the Indian public to invest India's sterling securities, they would urge that Government may in consultation with the Imperial Bank of India and the Public Debt Office take immediate steps to facilitate such

investments. The facilities that my Committee have in mind are the enfacement of sterling paper from London to Calcutta or Bombay and the payment in India of the interest warrants when they fall due because under present condition an Indian investor is obliged to keep his purchases of sterling securities with some banker in England and to ask him for collection of interest and also for refund of income-tax and has got to pay something to such banker for all this work. This naturally discourages all but the large capitalist from going in for such sterling securities while it would be in the best interest of this country that this kind of investment should become popular with the small investor.

My Committee would also urge that as a further help to the Indian investor in sterling securities, Government should arrange for the quotation of various sterling issues of the Government as well as the debentures of various railways being available daily in Bombay and Calcutta through Reuter.

My Committee trust that this suggestion will meet with early and favourable consideration by Government.

No. D 2270-F., dated the 10th June, 1926.

From the Government of India Finance Department Simla, to Chamber.

I am directed to aknowledge the receipt of your letter No. T-1054, dated the 4th May, 1926, on the above subject. In reply, I am to inform you that the Government of India naturally welcome the development of tendency for Indian investors to buy India's sterling debt, and have for some time been giving careful attention to the general subject. It appears, however, on a preliminary examination of the question, that there are legal and other difficulties in the acceptance of your specific proposal, and the Government of India think it desirable to postpone further examination of the question until, at any rate, the report of the Royal Commission on Indian Currency and Finance has been received and considered.

2. As regards the suggestion contained in paragraph 3 of your letter, I am to state that quotations for the more important sterling loans of the Government of India are already given by Reuter's Agency, and, if your Chamber feel that other quotations are required, it would be for them to satisfy Reuters that there is a public demand for such quotations.

No. T. 2138, dated the 28th October, 1926.

From Chamber to the Government of India Finance Department, Delhi.

I beg to remind you of the correspondence ending with your letter of the 10th June, 1926, No. D.-2270-F, wherein you observe that the Government of India "think it desirable to postpone further consideration of the question until, at any rate, the report of the Royal Commission on Indian Currency and Finance has been received and considered". Now that the report of the Royal Commission has been published, my Committee will be obliged if you will be pleased to let them know what action Government contemplate taking in the matter.

No. F.-115-F.-26, Delhi, dated the 20th November, 1926.

From Government of India Finance Department to Chamber.

With reference to your letter No. T.-2138, dated the 28th October, 1926, on the above subject, I am directed to state that the question of granting the above facilities is intimately connected with the recommendations of the Royal Commission on Indian Currency and Finance relating to the establishment of a Reserve Bank in India and the consequent arrangements for the management of the Government of India debt in London, and that the Government of India are not in a position to take any action in the matter till those questions have been considered and decided.

(C). STORES PURCHASE.

APPENDIX 24.

RUPEE TENDER SYSTEM.

No. T. 271 5th February 1926.

From Chamber to the Government of India Department of Industries and Labour Delhi.

The Committee of the Indian Merchants' Chamber have seen with as much surprise as disappointment the reply of the Hon. Sir B. N. Mitra to Mr. Sarfaraz Hussein Khan on 21-1-26 on the subject of Rupee Tenders. Sir B. N. Mitra talks of difficulties and also considers that it would be impossible to apply the Rupee Tender system to all kinds of plant and stores without undue sacrifice of economy and also without incurring undue risk of unsatisfactory quality. My Committee think that this reply entirely begs the question. What is wanted is that Government should accept the lowest satisfactory tender but that the price indicated in such tender should be not in foreign currency but in Indian currency and include all charges upto delivery in India. My Committee are, therefore, unable to understand how there can be any sacrifice of economy in accepting such lowest satisfactory tender and will be glad to have a clearer indication of what Government have in mind, so that they can, as businessmen, see whether any sacrifices was really entailed. On the information at present before them, my Committee are unable to see any such sacrifice and are forced to the conclusion that the issue of economy is merely raised to justify further delay in this most important matter. The same remarks apply to the question of the risk of unsatisfactory quality. No one has ever asked Government to buy from other than approved parties and no one has suggested that Government should accept inferior quality. What is wanted is that such approved makers should quote for delivery in India and in Indian currency. Therefore, my Committee feel that this argument

of unsatisfactory quality has also been trotted forward merely to evade the real issue, because in the present state of industry in Europe and in view of the great anxiety of European manufacturers to secure orders, my Committee find it impossible to believe that they would refuse to quote merely because the quotation was called for in Indian currency and was for delivery in India. If, however, it is the case that certain manufacturers are not prepared to quote on this basis, my Committee will be glad to know who they are and what there is to prevent Government going past them and placing their orders with others who are willing to work on the terms and conditions laid down by this country.

APPENDIX 25.

COAL FOR SUKKUR BARRAGE (VIDE ITEM No. 38 OF THE CHAMBERS' REPORT FOR 1925.)

No. T. 769 dated 25th March 1926.

From Chamber to the Government of Bombay Public Works Department Bombay.

With reference to the correspondence ending with your letter of the 26th September 1925, No. 488-IW, I am directed to address you further in connection with the same question.

My Committee have considered it again and think that saving can be effected in the expenditure incurred on coal purchased for the Lloyd Barrage if the Government will make some changes in the system they have adopted at present. My Committee appreciate the observation contained in the last portion of your letter that "it is the definite intention of Government to give every facility to Indian coal". At the same time they feel confident that any suggestion made by them that leads to economy without any detriment to the work in hand would be welcomed by Government. Government had formerly indicated that it was considered necessary to hold all supplies at Karachi because wagons were easier to get and supplies

easier to rail to all points where needed. This procedure, however, involves unnecessary rail freight, a good deal of which could, my Committee feel, be saved if the following system were in vogue:—

(1) Tenders should be called for a minimum quality to be stacked at Karachi, which would be considered "an emergency depot" to fall back upon, should the supply from the collieries fail to reach the various stations at which the coal is required.

(2) Tenders should be called for delivery of coals at pits' mouth for despatch to the various stations at which coals are required to be consumed.

By this system coal could go direct from pits' mouth to the consuming points in regular instalments direct from the coalfield and the freight between Karachi and such points would be saved. In case there is some hitch in such regular supplies, the emergency depot at Karachi could be drawn upon.

My Committee trust the above suggestions will receive the favourable consideration of Government.

No. 488 I. W. dated Bombay, 15th May 1926.

From the Government of Bombay Public Works Department to Chamber.

I am directed by the Governor in Council to refer to your letter No. T. 769, dated 25th March 1926 in which your Committee suggest that tenders for the coal required for the Lloyd Barrage and Cannal works be invited on free on rail colliery basis subject to the condition that an emergency depot be opened at Karachi for stocking a minimum quantity. You assume that the imposition of this condition will ensure a sufficiency of coal at the various stations at which it is required. In reply, I am to point out that uncertainty of delivery is *one* of the drawbacks and not the only drawback of the free on rail colliery system. A reference to paragraph 2 of Government Letter No. 488 I. W. dated 11th August 1925 will show that there are other difficulties in the way of its adoption and it is not clear

from your letter how those difficulties are to be met. Moreover, as the coal is required at a series of changing points for supply to a fleet of mechanical excavators it would be impossible for Government to regulate a distributed supply of coal to the various sites of requirement from a colliery some thousands of miles away without being faced with all sorts of difficulties and risks which Government are not prepared to face. After considering the matter in all its aspects, the Governor in Council has come to the conclusion that the present system of calling for tenders on free on rail Karachi basis and the maintenance of stocks there is the one most suitable as being in the best interests of the Barrage works themselves. In the circumstances, Government regret that they are unable to accept the suggestions put forward by your Committee.

APPENDIX 26.

PURCHASE OF PUGREE CLOTH.

No. T·1193, dated 1st June 1926.

From Chamber to the Government of India, Department of Industries and Labour, Simla.

I am directed by the Committee of this Chamber to draw your attention to the item of Puggree Cloth in the abstract for half-year ending 31st December 1925 of cases in which the lowest tender was not accepted.

The explanation given is that 'Delivery was very urgently required'. My Committee fail to see why there was any urgency about the supply of this article. If the country was at war and the fitting out of units for the front was in hand they could understand the urgency but this was not the case when this Puggree cloth was ordered and they cannot help feeling that the indenting officer whoever he is, has been guilty of an abuse of his powers and should be called upon for an explanation to show why this cloth was indented not only as "urgent" but "very urgent".

The amount involved in this particular case is small, but my

Committee have been constrained to draw pointed attention to it as it is a very glaring instance of indenting officers throwing away money by calling for urgent deliveries when there cannot be any need for urgency and when goods delivered in the ordinary course would serve the purpose equally well.

My Committee will be glad if Government can see their way to issue instructions to purchasing officers not to ask for "urgent" or "very urgent" deliveries when the delay of a few weeks or months cannot possibly do any harm as in the case of the Puggree cloth above-mentioned and to state their reasons for the urgency if any in the copy of thir indents to be forwarded to the Chief Controller of Stores. My Committee consider the issue of such instructions very necessary in the interests of economy as urgency is a frequent reason adduced for the non-acceptance of the lowest tender.

No. S.-424, dated Simla, the 31st July 1926.

From Government of India, Department of Industries and Labour to Chamber.

With reference to your letter No. T.-1193, dated the 1st June 1926, I am directed to say that an indent for 667500 yards of Khaki Puggree cloth was received by the Chief Controller of Stores Department, from the Master General of Supply on the 15th October 1925. Of this quantity 3,60,000 yards were demanded immediately from stock and the balance was to be supplied by the 15th January 1926. Simultaneous tenders were called for by the Chief Controller in India and England and the result was that the English prices were substantially lower. The indentor was therefore advised to indent for the puggree cloth on the London Stores Department. He was further advised that the Director General of Stores, India Store Department, London, should be warned of the particular urgency of the supply and when cabling his requirements to the Director General he should suggest the splitting up of the contract in order to secure the promptest delivery.

The Committee of your Chamber expresses a difficulty in understanding that the need for puggree cloth when the country was not at war could be urgent. I am however to invite a

reference to paragraphs 5 and 2 of the letters from this department No. S.-424, dated the 27th March 1923 and 9th May 1924, respectively, and to add that whenever an actual shortage of clothing for troops occurs from abnormal condemnations or other causes the supply of material becomes urgent. The working stocks of clothing are now kept so low, for financial reasons, that a comparatively small variation in expenditure of stores results in exhaustion of stock and consequently urgent demands for replenishment.

As regards the second point raised in your letter under reply that the Government of India should issue instructions to indenting officers not to ask for 'urgent' deliveries of stores when the delay of a few weeks or months cannot possibly do any harm, I am to say that the principle advocated by your Committee is already in force and instructions to this effect have been issued to indenting officers. The Government of India therefore see no necessity for issuing fresh instructions on the subject.

No. T.-1735 dated the 25th August, 1926.

From Chamber to the Government of India Department of Industries and Labour Simla.

With reference to your letter of the 31st July, 1926, No. S.-424, my Committee will be much obliged if you will kindly let them know the particular specifications for Pugree cloth for which tenders were called for by the Chief Controller of Stores in India and England and for which, as you mention, in your letter under reply, the English prices were substantially lower. You will also kindly let them know, if possible, the quotations received for both the Indian and the English Pugree cloths.

No. S.-424 Simla, dated the 28th September, 1926.

From Government of India Department of Industries and Labour to Chamber.

With reference to your letter No. T.-1735, dated the 25th August, 1926, I am directed to enclose a copy of the specification for the pugree cloth together with a note furnishing the information asked for in your letter regarding the quotations received both in England and in India.

INDIAN ARMY ORDINANCE CORPS.

SPECIFICATION No: C. S. 28.

Approved, 1925.

"Cotton Pugri Khaki 32""

N. B.—This supersedes specification No. C. S. 13 approved 30th November, 1924.

Note.—This specification is to be read in conjunction with the "General conditions to govern manufacture."

1. Material:—To be made from a good sound evenly spun yarn of the same quality as the sealed pattern, exact to sealed pattern in shade of colour, it must stand the test of boiling in washing soda and water, and exposure to sun and air.

2. Manufacture:—The pugri cloth is required to conform to the following particulars:—

Dye	... ...	Metallic Oxide, piece dyed.
Weave	... ...	Plain.
Finish	... ...	Uncalendered pure.
Weight per lineal yard (a)	...	2 2/3 oz.
Counts—Threads per inch	...	Warp 70 weft 60.
Minimum tensile breaking strength	... ...	Warp 240 lbs. Weft 115 lbs.

(a) Test pieces will be dried in a water oven at a temperature of 16; F. for two hours and immediately weighed. The weight 8½ per cent (for regain) must accord with weight specified above.

A. The tensile breaking strain will be determined by the average result of three tests (tested in a Goodbrand type of testing machine) each in the warp and weft, the test piece measuring 6 5/8" X 6 5/8" between the grips. All tests will be made at the expense of the contractor.

B. The cloth is to be free from faulty places, stains, speckles, and streaks due to the cloth being unevenly dyed.

C. To be delivered in pieces of 45 yards (or multiples of 9 yards); pieces not in multiples of 9 yards will be accepted but payment will only be made for the number of complete 9 yard units in the piece, exclusive of the portion utilized for marking.

3. Marking :—

All pieces are to be indelibly marked, at both ends, with the length of the piece, name or recognised trade mark of the contractor and the year of supply, thus :—

45 yds. Jones and Co. 1925.

Sd. J. F. TYRRELL, Colonel,

Simla. Offg. Director of Equipment and Ordinance Stores.

N. B.—This specification is to be returned to the Inspector immediately on completion of the tender contract.

Copy of Note regarding the quotations received both in England and in India.

The quotations received from the Director-General of Stores, London as well as the Indian tenders are noted below :—

1. D. G. of Stores, London.

0 4 11·4	per yard.	F. O. R.	Madras.	Delivery 8 to 16 weeks.
0 4 11·7	,,	,,	,,	Delivery February to June.
0 5 0 4	,,	,,	,,	Delivery 50,000 weekly in four weeks and increasing to 60,000 in 7th week.

2. The Buckingham and Carnatic Co., Ltd., Madras.	0·7·6 per yd. F. O. R. Madras in 40 yds. pieces.
	0·7·9 per yd. F. O. R. Madras in pieces multiples of 9 yds.

Delivery 75,000 yards up to 15th January 1926.

3. The Elgin Mills Co., Ltd., Cawnpore.	0·7·0 per yd. F. O. R. Madras.
4. Messrs. Morarjee Goculdas Spinning and Weaving Co., Ltd. Bombay.	0·6·8 per yd. F. O. R. Bombay. Delivery commencing six weeks after mill starts and then 40,000 yards weekly.
5. Messrs. Pahladdas Alopi Pershad and Co., Delhi.	(A) 0·5·8 per yd. F. O. R. Bombay. (B) 0·6·3 per yd. F. O. R. Bombay.

Delivery (A) 1,40,000 yds. fortnightly commencing 7 weeks:

(B) 25,000 yds. weekly commencing 7 weeks, but can supply 2,00,000 yds. only.

6. Messrs. E. Spinner & Co., Bombay.	0·5·3 per yd. F. O. R. Bombay.

Delivery 50,000 yards in 8 weeks balance at 2,00,000 monthly.

The prices quoted by 5(A) and 6 were for imported materials and that by 3 was for their own quality and not up to specification.

The only Indian tender acceptable with regard to the quality were submitted by 2 and 4.

APPENDIX 27.

PURCHASE OF CEMENT.

No. T. 1173 dated 27th May 1926.

From Chamber to the Government of India, Department of Industries and Labour Simla.

At the time of the visit of the Honourable Member for Industries to the Committee of this Chamber on the 12th April 1926 they drew his attention to the case of a purchase of cement at £11,100 against £9,900 quoted by another British firm whose tender was the lowest. The explanatory remark of the High Commissioner was that the indenting officer had insisted on cement of the Associated Portland Cement Company and that therefore they had to pay the higher price. My Committee had then pointed out to the Honourable Member that cement was successfully manufactured in the country for several years now and was able to stand the severest test and that therefore there was no justification for ordering this article from England. The position was far worse if the indenting officer not only ordered from England but insisted on buying from a particular manufacturer instead of trusting to the highly-trained staff of the London Stores Department to see that the goods obtained were of the right quality. My Committee emphasised that this was an altogether uncalled-for waste of public money and expressed the hope that the matter would be looked into. The Honourable Member in his reply insisted that the Government could not buy Indian cement if the foreign article could be had appreciably cheaper. He also urged that the indenting officers had their predilections for certain goods of the quality of which they had been satisfied by long experience. My Committee would respectfully point out that as for the question of price it is notorious that the prices of Indian cements are cheaper than those of imported cements except for Burma or the South of India where the distance makes the cost of the

Indian article too high. My Committee would therefore be glad if the Government could inform them whether this particular order was for some destination not within the sphere of Indian cement companies and if so what this destination was.

My Committee would further urge that Government should specify the standards to which all cements used in Government Departments should conform and then issue instructions that indenting officers should buy their cement in India so long as cement conforming to such specifications was available at the right price. They beg to submit that when hundreds of thousands of tons of cement are being used all over the country for the past ten years or more there is absolutely no excuse for indenting officer to say that experience of the quality of Indian cements is not available. Again, when there is actually an excess of producing capacity in the country itself, it should not be left to the whims of a particular indenting officer to buy his own requirements of this article outside India. It should also be impressed on all indenting officers that Government do not approve of the policy of favouring a particular manufacturer as in the above case in the purchase of such general use as cement or paper. A glaring case of similar favouritism in the matter of purchases in the case of paper was brought to the notice of my Committee through the six-monthly statement issued by the High Commissioner for the period ending 31st December 1924 They addressed a communication to the Government of India in this connection on 31st March 1925, wherein they observed :—

> "With regard to paper the indenting officer seems to have insisted upon Messrs. Dickinson's papers, though there is no plausible reason why such an emphasis should be made upon the paper manufactured by this particular firm."

We say that this was a glaring case because the price charged by the favoured manufacturer was £2487, against the lowest satisfactory tender (which also was a British tender) of £ 1690 or nearly 50% higher. My Committee will be glad to know what action

Government took on their letter of 31st March 1925 and whether the officer in question was called upon for any explanation as to why he favoured Dickinson's when there are not one but several manufacturers of first class reputation in this line both in England and on the Continent. My Committee would respectfully submit that the cases cited here are cases of inexcusable waste of money and Government should take steps to put such cases down with a strong hand and should insist that the Indian Stores Department both in India and in London should never be tied down by purchasing officers to any particular maker except when it is some article of the patent or speciality of such maker.

Trusting that this matter will have the attention that its importance deserves.

No. S.-424, dated Simla, the 23rd June 1926

From Government of India Department of Industries and Labour to Chamber.

I am directed to refer to your letter No. T. 1173, dated the 27th May 1926, in which you have made certain observations on the purchase by the London Store Department of cement at a cost £11,000/- as against £9,900/- quoted by another British firm whose tender was the lowest.

2. In reply I am to say that the cement in question was required for use in Burma where, as stated in your letter, the distance makes the cost of the Indian article excessive. The suggestion has been made in your letter that the Government of India should insist on indenting officers purchasing the cement required by them in India provided cement conforming to standard specifications is available in the country. In this connection I am to observe that so far as purchases by the Central Government and minor local administrations are concerned rules 1 and 2 of the rules for the supply of articles for the public service clearly lays down the principle advocated by your Chamber. Moreover, copies of all indents to the London Stores Department are sent for scrutiny to the Chief Controller of

Stores, Indian Stores Department who thus exercises a careful control over all purchases made through the London Stores Department.

3. With reference to the purchase of paper from Messrs. J. Dickinson & Co, Ltd., which was reported in your letter of the 31st March 1925, I am to invite attention to letter No. S-424, dated the 24th April 1925 from this department. The matter was fully investigated by the Government of India and it was ascertained that paper of the quality required in this case was not manufactured in India and could not be manufactured by any of the existing paper mills in the country.

4. In both the cases referred to above, the stores in question were ordered by officers under a Provincial Government and I am to point out that the local Governments of Governors' Provinces enjoy full powers in regard to the purchase of stores by them, and that the Government of India have no power to interfere in the matter.

5. Finally I am to add that it has always been the policy of the Government of India to discourage indenting officers from restricting the sources of supply to a specified firm or firms and to insist, except in special cases, on their sending with indents full particulars and designs so as to enable the Stores Department to place the orders in the cheapest market consistent with efficiency.

No. T. 1412 7th July 1926.

From Chamber to the Government of India Department of Industries and Labour.

With reference to your letter of the 23rd June 1926, No. S-424, my Committee will be much obliged if you will be kind enough to let them know which Provincial Government was concerned with the indenting of papers referred to in your previous letter.

No. S-424. Dated Simla, the 14th July 1926.

From Government of India, Department of Industries and Labour to Chamber.

With reference to the correspondence resting with letter No. T. 1412, dated the 7th July 1926, I am directed to say that the paper writing in question was indented for by the Superintendent of Stamps and Stationery, Madras.

APPENDIX 28.

STORES PURCHASE POLICY OF THE GOVERNMENT OF BOMBAY.

No. T.-1016, 27th April, 1926.

From Chamber to the Government of Bombay, General Department Bombay.

The attention of Government of Bombay must have been drawn to the discussion the Committee of this Chamber, had recently with the Honourable Sir Bhupendra Nath Mitra, K. C. I. E, O. B. E., Member for Industries, Government of India. For purposes, however, of ready reference I am directed to send to you herewith portion of proceedings dealing with the question of the Stores purchase Rules and also the question of refund of Customs duty allowed on Government stores. With regard to the latter my Committee are afraid that as a result of the refund allowed by the Government of India on Customs duty paid on Government stores indenting Departments are not much inclined to place their orders in foreign countries, even if quotations of indigenous manufacturers are received and are competitive, as they know that the refund of the duty will eventually reduce the total capital cost of the particular work for which such articles may be required. My Committee trust that the Government of Bombay are not unmindful

of the need to do everything possible for the development of indigenous industries and must have taken suitable steps to see that the refund to them by the Government of India of Customs duty on order for stores required by them does not lead to a diversion of orders for stores to foreign markets. My Committee will be glad to know what steps the Government of Bombay have taken in this behalf and if there are any set of rules or instructions issued to purchasing officers. My Committee will be glad to have a copy of the same because they are very much afraid that unless proper stores purchase Rules are in existence, indents for stores will continue to be placed outside India. If such rules do not exist, my Committee would ask the Government of Bombay to prepare a set of stores purchase rules for the guidance of all their consuming Department.

The question of the refund of Import duty to purchase on account of the Bombay Government was brought up by my Committee at their recent interview with the Honourable Member in Charge of Industries. His attention was also drawn to the Resolution of the Assembly for Rupee Tenders in India—a demand on which both the European and the Indian commercial community are unanimous. He, however, told our Committee that the stores purchase Rules of the Government of India did not bind down Local Governments of Governors, Provinces and that we should approach the Local Government, as there was nothing to prevent them from taking such action as they thought best in the interest of their own province.

My Committee, therefore, take this opportunity of addressing you on this subject. In doing so, they would emphasise the urgency of making all purchases of stores by Rupee Tenders as this is the only way in which Indian trade and industry can have fair play as against foreign competition. My Committee trust Government will take early steps to put the purchases of stores in this Province on lines suggested by my Committee.

Extracts from the Speech of Mr. Lalji Naranji, M. L. C., President of the Indian Merchants' Chamber at the time of the interview of the Committee with the Honourable Sir Bhupendra Nath Mitra, K.C.I.E., O.B.E., Member for Industries, Government of India, on 12th April 1926;

* * * * * *

2. My Committee have been taking a very keen and active interest in the question of the purchase of stores by the Government since a long time past. So long back as 1921 they addressed a letter to the Government of Bombay in reply to a communication from them enclosing an important despatch from the Government of India setting out the new policy proposed to be adopted by them with regard to the purchase of stores. In that letter my Committee emphasized that there should be no Stores Department in London but only a subordinate Inspecting Agency with the necessary technical staff and that all purchases should be made by tenders called for in this country for goods to be delivered at the point of consumption in this country and in the currency of this country. This particular point of view was emphasised by my Committee in several other communications which have been addressed by them time after time subsequent to their letter of 1921. They are happy to say that it was even embodied in a resolution adopted by the Legislative Assembly on the 14th February 1924. Notwithstanding all this clear expression of the views of the business community and the representatives of the people, Government of India have remained unfortunately inert and unresponsive. You may not be unaware, Sir, of the fact that with regard to this question even the European commercial viewpoint is the same as the Indian viewpoint. Sir Campbell Rhodes in his note appended to the Report of the Railway Industries Committee clearly observed that his chief objection to the Stores Purchase Rules was centred in rule 3 which appeared to arrogate to the Stores Department in London an authority inconsistent with India's freedom of action in the matter of purchases for her own requirements. At the annual general meeting of the Associated Chambers of Commerce of India and Ceylon held on 15th and 16th December 1924, the following resolution was adopted by a majority of the Chambers present :—

"That the present system under which stores are purchased for Government requirements in India by the Indian Stores Department and other purchasing authorities, and in the United Kingdom by the Director General of Stores, is not in the best interests of this country; that for it there should be substituted a system of rupee tender in India for delivery in India, with publication of results in every case; and that this system should be administered exclusively by the Indian Stores Department, and other purchasing authorities in India, where arrangements should be made for the requisite test and inspection of the goods purchased and payment therfor."

* * * *

I should now like to draw your attention to another aspect of the same question viz. Stores Purchase Rules published by the Government with their resolution, dated the 6th May 1924. It was deplorable indeed that in the preparation of these rules the Government were guided not by the majority report, of the Stores Purchase Committee but by the Minority report. My Committee had protested against such a procedure in their reply to the Government despatch 1921 and their fears were justified by the entirely unsatisfactory nature of the rules promulgated by the Government. It is sometimes said that critics of the Government rest content with merely destructive criticism and have no constructive proposals to put forward. In order to avoid such a charge my Committee at great trouble went into all the details of these rules and prepared quite a new set of Stores Rules which they submitted to the Government. More than fifteen months have passed since then and yet beyond a bare acknowledgment there is no reply from the Government.

"5. An Act was passed in 1924 abolishing the proviso to Section 90 of the Sea Customs Act and thus preventing Government stores being imported free of customs duty. The Government of India, however, entered into an arrangement with the Provincial Governments whereby the former repaid to the latter duty on Government stores imported bp them. This arrangement was contrary to the spirit

of the recommendations made by the Fiscal Commission and the Hon'ble Sir Charles Innes implied that it was a temporary arrangement when in introducing the Bill further to amend the Sea Customs Act he said :—

> "We have decided therefore for the present at any rate to make arrangements whereby the amount of duty levied on goods imported by Local Governments, belonging to Local Governments, will be recorded in the Customs Offices and at the end of each year a refund will be made to the Local Government of that amount."

The Hon'ble Sir Basil Blackett also in his speech introducing the Budget for 1925-26 admitted that the arrangement was unsatisfactory and was "open to the grave objection that it defeated an essential purpose of Indian policy which was one of the main justifications for the passing of the aforementioned Act in that, whatever procedure was adopted, it still paid a Provincial Government, to buy stores in England and get the duty refunded by the Central Government, rather than to buy in India at the import price plus duty." The arrangement was discontinued in the case of some Provinces from 1st April 1925, but the arrangement with the Government of Bombay is still in force. This arrangement, though it gives to the Bombay Government a few lakhs of rupees, leads to the following adverse results :—

(1) The Provincial Government is naturally adverse to inviting tenders from indigenous manufacturers and give them a chance to compete successfully against imported articles ;

(2) Even if questions of indigenous manufacturers are received and are competitive the Provincial Government still has the strongest temptation to buy the foreign articles as it knows that the duty will be refunded and its cost will therefore be ultimately so much lower.

My Committee are confident that such a result was never intended by Government when they agreed to the refund and will welcome any statement from you throwing light on the subject."

Reply of the Hon'ble Member for Industries to above.

* * * *

"Sir B. N. Mitra also observed that Provincial Governments of Governors' Provinces had now full powers in regard to the purchase of stores required by them; and that if those Governments were satisfied that the system of rupee tenders was desirable in regard to such purchase there was nothing to prevent them from taking action in that direction."

* * * *

As regards the alleged effect of the arrangement under which the Government of India refund to certain Provincial Governments the amount of Customs duty levied on goods imported by them, Sir B. N. Mitra doubted whether Provincial Governments, which were as much intererested in the development of indigenous industries as the Government of India, were making any considerable use of the arrangement in the manner suggested by the Committee and to the detriment of indigenous industries. As has, however, been admitted by the Committee, the Government of India have not overlooked the possiblity of an abuse in this direction, they are watching the situation and are taking such action as is compatible with their commitments to Provincial Governments in connection with other arrangements."

* * * *

APPENDIX 29

PUBLICATIONS OF PRICES IN CLASSIFIED LIST OF STORES.

No. T. 262 4th February 1926.

From Chamber to the Government of India, Department of Industries and Labour, Delhi.

The attention of my Committee is drawn to the Classified List of Stores indented for by Government Departments in India on the Director General, India Stores Department, London".

The only information given in this List is the name of article, quantity and the name of the purchasers. My Committee feel that this information is not of much use to the general public. The most important item which should have been included in this List is the price, as it would then be possible for merchants to make their own calculations as to whether they are in a position to supply similar stores at more favourable prices either from local manufacturers or by imports from foreign countries. My Committee beg, therefore, to suggest that the item of price should be included in all such future publications. Government are already following the practice in the matter of the stores purchased by the Chief Controller of Stores in India, whose purchses are reported in the Indian Trade Journal and my Committee consider that the purchases by the London Stores Department should be similarly reported so that suppliers here may know the prices at which the goods had been purchased and arrange to supp'y similar articles themselves in future. They believe that their suggestion is useful in the interests both of the Government revenues and the business community and hope that it will be accepted by the Government.

No. S-103, Dated Delhi, the 18th March 1926.

From Government of India Department of Industries and Labour, to Chamber.

With reference to your letter No. T/262, dated the 4th February 1926 in which you suggest that the price of articles should also be shown in future issues of the above publication, I am directed to say that the bimonthly classified lists of stores published by the Indian Stores Department are compiled from the copies of Home Indents which are received by that office for scrutiny after the indents are despatched to the Director General, India Store Department, London. The indents indicate merely the estimated prices of the articles and even this information is frequently lacking. There is often a considerable difference between the estimated and the actual price and the publication of the former would in many cases be misleading. In the circumstances the Government of India regret that they are

unable to give effect to the suggestion made by the Indian Merchants' Chamber Bombay.

2. In this connection I am to add that the Government of India have already decided that in the case of stores for which simultaneous tenders are called for in India and the United Kingdom the price of the stores obtained from the Director General, India Store Department, should be published in the Indian Trade Journal

---

No. K.-107, dated the 13th April, 1926.

From the Chief Controller of Stores Indian Store Department to Chamber.

I have the honour to invite a reference to this Departments' letter No. K.-107, dated the 21st June, 1924, and the 29th April, 1925 on the subject of the above list.

2. As you are aware the list is published, primarily, for the use and information of commercial and industrial interests such as are represented by our Chamber. It was thought that the publication of the list would be welcomed by firms in India and some use made of the information contained in them. The response, however, has been extremely disappointing, despite the steps taken by this Department to give publicity to the fact, through notices in the Indian Trade Journal and in other ways that copies are available for sale. In the case of the last published issue of the list no copies have been sold.

This indicates that the lists are not felt by the interests concerned to be of much utility. The Government of India have therefore decided that unless Chambers of Commerce, firms, etc., are prepared, in future, to purchase a much larger number of copies than hitherto, publication of the lists will have to be discontinued.

3. I have therefore to ask that you will kindly place the matter before the Chamber and let this Department have their views in the matter, together with particulars of the number of copies Members of the Chamber will require.

No. T.-972 dated the 22nd April, 1926.

From Chamber to the Chief Controller of Stores India Stores Department, Simla.

I am directed to acknowledge your letter No K.-170 dated 13th April, 1926 and to state in reply that my Committee note that the Government of India have decided to discontinue publication of the list on the ground that no copies of the last issue were sold. Apart from the fact that price of it is too high, my Committee beg to point out that they have already drawn the attention of Government to the fact that prices at which the indents had been placed by the India Stores Department, London, are not given in the list published and this greatly detracts from the value of the publication from the point of view of merchants and manufacturers. My Committee would therefore once again urge the consideration of the inclusion of prices in such lists.

2. As for the publication being discontinued because a large number of copies cannot be sold, my Committee submit that such publications are not intended to show a profit or even to cover expenses by themselves but to help in the economic development of this country by encouraging the manufacture in this country of many of the articles that are now imported. My Committee would therefore feel that the publication of the list should be continued, if not separately, then as a supplement to the Indian Trade Journal and free copies should be available to all commercial bodies. In case it is still considered impossible to include prices, my Committee feel that if bi-monthly publication is not possible on ground of cost then it will be better to publish it once every six months rather than discontinue it particularly as it would then be possible to give the prices also, as it will give merchants and manufacturers in this country an indication of various kinds of articles now being imported. My Committee would, however, urge that any system of immediate reporting of the placing of indents should be inaugurated with the London office so that the information as to prices at which a given article was bought would be available in your office and such information should then be made available to all merchants and manufacturers who may apply for the same.

APPENDIX 30.

CONTRACTS FOR TARPAULINS PLACED BY THE INDIAN STORES DEPARTMENT WITHOUT INVITING PUBLIC TENDERS.

No. T.-1109 dated the 14th May 1926.

From Chamber to the Government of India, Department of Industries and Labour, Simla.

The attention of the Committee of this Chamber is drawn by a member to some orders for tarpaulins placed with the Bengal Waterproof Works and Messrs. Birkmyre Brothers, reference to which is given on page 184 of the Indian Trade Journal dated 29th April 1926. My Committee are given to understand that the usual practice followed by the Stores Department in making purchases over Rs. 5000 is to invite public tenders by notification in the Indian Trade Journal and other important papers. It is alleged that this practice was not followed in the case of two important orders referred to above. My Committee will be much obliged if you will be kind enough to let them know if the allegation is correct and if so what were the reasons for the course which was adopted.

No. S.-445, dated Simla, the 10th June 1926.

From Government of India, Department of Industries and Labour to Chamber.

I am directed to refer to your letter No. T.-1109 dated 14th May 1926, in which you bring to notice the fact that certain contracts for tarpaulins placed with the Bengal Waterproof Works and Messrs. Birkmyre Bros. were not negotiated by means of the usual method of inviting tenders by public advertisement. The Chief Controller of Stores, Indian Stores Department reports that in these instances the tenders were not advertised and states that the sole reason for not following the customary practice in these cases was that the

delivery instructions given by the indentors were such as to preclude him from following this course. The indent from the East Indian Railway was received by the Indian Stores Department on 15th February 1926, and the paulins were required for delivery in Calcutta by 15th May 1926. The Great Indian Peninsula Railway indent was received on the 11th February, and in this case delivery was required to be completed at Bombay by 15th June 1926. It is obviously important that these delivery dates should be observed because the tarpaulins are required to protect merchandise in transit during the rains, and should, therefore, be received in time to permit of distribution over the railway systems before the break of the monsoon.

The system of purchase by public advertisement entails a delay of three to four weeks as compared with the method of issuing tenders direct to reputable suppliers, and in these cases it was considered that this delay could not safely be countenanced. At the same time the tender forms were so distributed as to ensure that every reputable supplier in India was given an opportunity to tender. The Chief Controller of Stores is calling the attention of the Railway Companies to the necessity of submitting indents in future by a date which will permit of requirements of these articles being brought to the notice of all tendering firms by inviting public tenders by notification in the Indian Trade Journal and if necessary the important newspapers.

No. T.-1430 dated the 8th July, 1926.

From Chamber to the Government of India, Department of Industries and Labour, Simla.

I am directed to acknowledge receipt of your letter of the 10th June, 1926, No. S.-445.

It has been considered by my Committee who desire me to point out to you that the period between receipt by the Store Department of the indents from the East Indian and Great Indian Peninsula Railways and the dates on which deliveries were required was long

enough for inviting tenders from local merchants. Inviting of open tenders from all such people would have removed all causes for complaint and at the same time would have meant economy in purchases to the Government. The plea of urgency is, unfortunately, set up on several occasions by the indenting departments and my Committee have been obliged to draw the attention of the Government of India several times to the fact that such pleas come in the way of the High Commissioner placing his orders in the cheapest market. My Committee, therefore, appreciate the fact that the Chief Controller of Stores is calling the attention of the Railway Companies to the necessity of submitting indents in future by a date which will permit of requirements of these articles being brought to the notice of all indenting firms by inviting public tenders by notification in the Indian Trade Journal and, if necessary, in the important newspapers.

They would also suggest that even in cases like the present where the time in hand is considered too short tenders could still be invited and the time for return of such tenders made much shorter than is ordinarily the case. Your letter speaks of a delay of 3 to 4 weeks being necessary. My Committee feel that in urgent cases not more than 10 days need be allowed for prospective tenders securing the necessary tender forms and putting in their tenders, particularly in articles that do not require any complicated arrangement for manufacture and this could have been done in the case of the present tarpaulins.

My Committee are glad to note that tenders were issued direct to reputable suppliers and will be glad to know how many such suppliers, if any, on the Bombay side had been invited to tender.

No. S. 445 dated the 17th August, 1926.

From Government of India Department of Industries and Labour to Chamber.

With reference to the correspondence resting with your letter No. 1430 dated the 8th July, 1926, I am directed to say that the following firms in Bombay were invited to tender for the Great

Indian Peninsula Railway and East Indian Railway contracts for tarpaulins :—

G. I. P. Railway :—

(1) Messrs. Killick Nixon and Company.

(2) Messrs. Shalebhoy Tybjee & Sons.

(3) Messrs. Sheikhadam Hussainally Vasi & Co.

(4) Messrs. Bell Russ & Co.

(5) Messrs. J. D. Jones & Co., Ltd.

E. I. Railway.

(1) Messrs. Killick Nixon & Co.,

(2) Messrs. Shalebhoy Tybjee & Sons.

APPENDIX 31.

PUBLICATION OF PETAILS OF CONTRACTS IN THE INDIAN TRADE JOURNAL.

No. D.-84 dated Simla, the 31st May 1926.

From the Chief Controller of Stores to Chamber.

As you are no doubt aware, the Indian Stores Department publishes weekly in the Indian Trade Journal, Calcutta, statements showing the contracts awarded by it to the various supplying firms in the following detail :—

i. Article,

ii. Number or quantity,

iii. Name of firm and

iv. Value of contract.

I have in this connection occasionally received complaints from important manufacturers and suppliers to the effect that the publication of the information in such detail has frequently re-acted seriously on their selling negotiations with smaller Government buyers and bazar dealers, who press for the same terms as those which are offered in the case of contracts for large quantities of stores handled by the Indian Stores Department.

It must be admitted that there is some force in this objection; and it has occurred to me that, if any alteration of the existing procedure is really called for in the general interests of the industrial and commercial communities, the necessities of the case will be met by omitting particulars of the quantity involved in each contract. This omission will still render the published statements capable of precise interpretation by the interested members of the trade, that is, those who tendered or applied for and received the tender forms, but will not indicate the rates at which the contracts are placed to outside parties. I shall be glad to receive and carefully consider the views of your Chamber on the question before recommending to the Government of India any change in the existing procedure in the direction I have indicated.

No. T.-1357 dated the 25th June 1926.

From Chamber to the Chief Controller of Stores, Indian Stores Department, Simla.

Your letter No. D.-84 dated 31st May 1926, was considered by my Committee and I am directed to send hereby their views on the same.

My Committee think that the complaint of larger firms about the publication of details re; price etc. being prejudicial to them in their dealings with smaller purchasers is not at all justifiable. They are inclined to believe that on the contrary publication of price per unit would give reasonable opportunity to business enterprise and would bring on the next occasion a larger number of competitors resulting in economies for Government purchases.

My Committee therefore are strongly opposed to the suggestion made by you in your letter under reply and beg to reiterate that it is desirable to give full publicity to the rates at which the tenders are accepted.

No. G.-84, dated Simla, the 4th of October 1926.

From the Chief Controller of Stores, Indian Stores Department to Chamber, Bombay.

With reference to the correspondence resting with your letter No. T.-1357, dated 25th June 1926, I write to inform you that as a result of the communication made to various Chambers of Commerce and Associations representing commercial interests in India, it was found that there was considerable weight of opinion in favour of the continuance of the present system of publishing full details of contracts placed by this Department. It has therefore been decided after careful consideration that no departure should be made from the existing system.

APPENDIX 32.

PURCHASE OF LEATHER CLOTH.

No. T.-2172, dated the 3rd November, 1926.

From Chamber, to the Government of India, Department of Industries and Labour Simla.

The attention of the Committee of this Chamber is drawn to a recent order placed by the High Commissioner for India with the Rexine Ltd., a British firm for the purchase of some leather cloth.

The Government of India, no doubt, are aware that leather cloth of approved quality is now being manufactured in this country. The Dharamsi Morarji Woollen Mills, Ltd., of Bombay for instance is a large manufacturer of this cloth, the quality of which has been appro-

ved by the Indian Stores Department and most of the leading Indian Railways. Under the circumstances, Committee fail to understand why orders for leather cloth should go at all outside India without any reference being made to local manufacturers, as seem to have been the case in the above instance,

The leather cloth industry of this country is still n its infancy and deserves every sort of encouragement from the Government as public companies like Railways, etc. My Committee deeply regret to note that inspite of official orders to indenting officers not to insist in goods of particular firms, they still place orders abroad with such express conditions.

It is therefore hoped that the Government of India will be good enough to enquire into this matter.

No, S.-393, dated Delhi, the 20th December, 1926.

From Government of India Department of Industries and Labour, to Chamber,

With reference to your letter No. T.-2172, dated the 3rd November 1926, I am directed to say that before the order in question was placed with the Rexine Limited an experiment with cloth made by the Dharamsi Morarji Woollen Mills was made by the indentor at the suggestion of the Indian Stores Department. The report on the experiment was however unfavourable. The Government of India under stand that the Indian Stores Department has done every thing in its power, to assist the Dharamsi Morarji Woollen Mills in marketing their products, but that considerations of quality and price in comparison with leather cloth of English manufacture are still an obstacle and the cloth manufactured by the Mills is not considered by several users to be of sufficient good quality for their purpose.

APPENDIX 33.

NON-ACCEPTANCE OF THE LOWEST TENDERS BY THE INDIA STORES DEPARTMENT, LONDON, DURING THE HALF YEAR ENDING 30TH JUNE, 1926.

No. T.-2036, dated the 12th October, 1926.

From Chamber, to the Government of India, Department of Industries and Labour, Simla.

The Committee of this Chamber have received a copy of the half-yearly statement ending 30th June, 1926, regarding cases in which tenders other than the lowest complying with the technicle description of goods demanded were accepted by the India Store Department, London, on the grounds of Superior quality, greater facility of inspection, quicker delivery, etc.

My Committee have very carefully gone through the whole list and have come to the conclusion that no reforms worth the name have been made by the Government in matters of stores purchase. It has become the painful duty of my Committee to press this question on the attention of Government twice a year, that almost invariably the reasons advanced for not accepting the lowest tenders by the India Stores Department, London, are: (1) the cost of inspection of goods on the Continent, and (2) 'urgent delivery.' My Committee have repeatedly requested the Government to issue orders to the indenting officers not to insist unnecessarily on the so-called extreme urgency regarding delivery of goods. It is true that instructions have been issued to indenting officers to this effect, as my Committee have been informed by Government in their letter dated 31st July, 1926, No. S.-424, but even these instructions appear to be more observed in the breach than otherwise.

In this connection my Committee will be much obliged if Government will be pleased to inform them whether the manufacturers who had preference over the lowest tenderers and who actually got the orders fulfilled their engagements in due time. As regards the plea regarding "the cost of inspection of goods" on the continent, my Committee think that the Store Department should make suitable arrangements for this work with a good firm of consulting engineers on the continent.

Coming to the particular instances of non-acceptance of lowest tenders, my Committee find that this country had to pay thousands of pounds (£) extra chiefly due to the lack of desirable safeguards and restrictions in the matter of Stores purchase. The purchase of articles like (1) waistcoats, (2) mosquito-netting and (3) cord cotton khaki, is, in the opinion of my Committee, a glaring example of misplaced demands on the score of urgency. The extra cost that this country had to pay for the mosquito-netting only amounted to £ 3,417. There are other items in this list on which also something could be said, but my Committee have confind themselves to these typical cases only, simply because they conclusively prove that the progress with regard to the proper working of the Stores Purchase Rules in the interests of India is still sadly lacking.

What my Committee once more respectfully urge upon the Government is to introduce necessary reforms in the Stores Purchase Rules on the lines of the draft rules submitted to Government by them so long back as December, 1924.

The attention of my Committee has been drawn to a very healthy practice followed by the Dominion High Commissioners of visiting their mother countries at least once a year and discussing with the representative institutions questions pertaining to important stores purchase matters. Such personal discussions are always fruitfull of good results, and my Committee take this opportunity, therefore of suggesting that the Government of India should also arrange for such annual visits of the High Commissioner to India.

No. S.-424, dated Delhi, the 10th November, 1926.

From Government of India Department of Industries and Labour, to Chamber.

With reference to your letter No. T.-2036, dated the 12th October, 1926, on the above subject, I am directed to say that the Government of India have no information as to whether the manufacturers who were given preference over the lowest tenderers and who actually received the orders fulfilled their engagements in due time. In accordance with the procedure followed by the High Commissioner defaulting firms are liable to a fine for delay in the delivery of stores.

2. As regards the observations of your Committee regarding the necessity for urgent demands for such articles as waist-coast, mosquito-netting and cord cotton khaki, I am to invite a reference to paragraph 5 and the latter portion of paragraph 1 of the letters from this Department No. S.-424 dated 27th March, 1923 and 31st July, 1926, respectively, in which it was explained why urgent indents for articles of this nature are sometimes unavoidable.

3. As regards the suggestion made by your Committee that the Government of India should make suitable arrangements for inspection of goods with a firm of consulting engineers on the continent I am to invite a reference to paragraph 3 of this Deprtment letter No. S.-424 dated 9th May, 1924 in which it was explained why the Government of India do not consider that the acceptance of this suggestion would lead to economy. The Government of India are also doubtful of the necessity for annual visits of the High Commissioner for India to this country with the object of discussing store purchase matters, as suggested by your Committee. Such annual visits must necessarily be for very brief periods and in the Chief Controller of Stores there is already in India an officer fully competent to discuss with representative institutions important questions relating to the purchase of stores.

4. In paragraph 4 of your letter under reply Committee urge the introduction of further reforms in the Stores Purchase Rules

on the lines of the draft rules submitted by them. The Government of India will give due consideration to the draft rules perpared by your Committee in any revision of the Stores Purchase Rules.

(D) TARIFFS AND TAXATION.

APPENDIX 34.

AMENDMENT IN RULE 8 OF THE INDIAN INCOME TAX RULES, 1922.

CENTRAL BOARD OF REVENUE.

NOTIFICATION.

INCOME-TAX.

Delhi the 10th December 1925.

C. No. 1097-I. T./25.—The following draft of a further amendment in the Indian Income tax Rules, 1922, which the Central Board of Revenue proposes to make in exercise of the powers conferred by sub-section (1) of section 59 of the Indian Income-tax Act, 1922 (XI of 1922), is published as required by sub-section (3) of the said section for the information of all persons likely to be affected thereby, and notice is hereby given that the said draft will be taken into consideration on or after the 12th February 1926. Any objection or suggestion which may be received in respect of the draft before the date specified will be considered by the said Board.

Draft amendment.

In entry 2 of the statement in rule 8 of the said rules, in the list of industries for which a percentage of 7½ on prime cost is sanctioned, after the words "Iron and Brass Foundries" the words "Aluminium factories." shall be inserted.

V. S. SUNDARAM,

Secy., Centarl Board of Revenue.

No. T. 38. dated 6th January 1926.

From Chamber to the Central Board of Revenue, Delhi.

With reference to your Circular No. 1097-I.T. 25, I am directed by my Committee to inform you that they have no objection to the proposed amendment in the rule 8 of the Indian Income Tax Rules, 1922.

APPENDIX 35.

AMENDMENT IN RULE 20 OF THE INDIAN INCOME-TAX RULES.

CENTRAL BOARD OF REVENUE.

NOTIFICATION.

INCOME-TAX.

Delhi, the 18th March 1926.

No. 8.—The following draft of a further amendment in the Indian Income-Tax Rules, 1922, which the Central Board of Revenue proposes to make in exercise of the powers conferred by sub-section (1) of section 59 of the Indian Income-tax Act, 1922 (XI of 1922), is published as required by sub-section (3) of the said section, for the information of all persons likely to be affected thereby, and notice is hereby given that the said draft will be taken into consideration on or after the 23rd April 1926. Any objection or suggestion which may be received in respect of the draft before the date specified will be considered by the said Board.

Draft Amendment.

In the second of the two alternative formulæ contained in paragraph 5 of the form of notice of demand set forth in Rule 20 of the said rules, after the words "you may apply to me" the words "within one month from the receipt of this notice" shall be added.

V. S. SUNDARAM,

Secretary, Central Board of Revenue.

No. T.-857, dated the 7th April 1926.

From Chamber to Central Board of Revenue, Government of India, Finance Department, Simla.

With reference to your Notification, dated the 18th March 1926, No. 8, re: proposed amendment in the form of Notice of Demand set forth in Rule 20 of the Income-Tax Rules, I am directed by my Committee to inform you that they think the proposed period of one month is too short. My Committee, therefore, suggest that it should be extended to three months.

C. No. 28-I. T.—25, dated the 26th April 1926.

From Government of India, Central Board of Revenue to Chamber.

In reply to your letter quoted above, I am directed to invite your attention to section 27 of the Indian Income-tax Act which provides that applications for the re-opening of an assessment under that section must be made within one month of the service of the notice of demand. You will observe, therefore, that your suggestion that a longer period than 30 days should be prescribed in Rule 20 cannot be adopted as it would be *ultra vires*.

APPENDIX 36.

AMENDMENT IN RULE 17 OF THE INDIAN INCOME TAX RULES.

CENTRAL BOARD OF REVENUE.

NOTIFICATION.

INCOME-TAX.

Delhi, the 25th March 1926.

No. 9.—The following draft of a further amendment in the Indian Income-tax Rules, 1922, which the Central Board of Revenue

proposes to make in exercise of the powers conferred by sub-section (1) of section 59 of the Indian Income-tax Act, 1922 (XI of 1922), is published as required by sub-section (3) of the said section for the information of all persons likely to be affected thereby, and notice is hereby given that the said draft will be taken into consideration on or after the 3rd May 1926. Any objection or suggestion which may be received in respect of the draft before the date specified will be considered by the said Board:—

Draft Amendment.

In the form set forth in rule 17 of the said Rules.

(i) for column 6, the following columns shall be substituted, namely:—

"6. House allowance or value of rent-free quarters.

6-A. Amount of bonus, gratuity, fees, commissions, perquisites or allowances (other than those shown in column 6), or profits in lieu of or in addition to salary or wages (each to be shown separately)."

(ii) in column 7 for the word and figures "5 and 6" the word and figures "5, 6 and 6-A" shall be substituted.

(iii) for column 8, the following columns shall be substituted, namely:—

"8. Deductions on account of Provident and other funds [proviso to section 7 (1)].

8-A. Deductions on account of Life Insurance Premia (section 15)."

V. S. SUNDARAM,

Secy., Central Board of Revenue.

No. T.-920 15th April 1926.

From Chamber to Central Board of Revenue, Government of India, Simla.

With reference to your Notification No. 9 dated the 25th March 1926, I am directed to inform you that my Committee have no objection to the proposed amendment in Rule 17 of the Indian Income Tax Rules, 1922.

APPENDIX 37.

AMENDMENTS IN RULES 2 AND 6 OF THE INDIAN INCOME-TAX RULES 1922.

CENTRAL BOARD OF REVENUE.

NOTIFICATION.

INCOME-TAX.

Simla, the 30th July, 1926

No. 28.—The following draft of further amendments in the Indian Income-tax Rules, 1922, which the Central Board of Revenue proposes to make in exercise of the powers conferred by sub-section (1) of section 59 of the Indian Income-tax Act, 1922 (XI of 1922), is published as required by sub-section (3) of the said section for the information of all persons likely to be affected thereby, and notice is hereby given that the said draft will be taken into consideration on or after the 1st October, 1926. Any objection or suggestion which may be received in respect of the draft before the date specified will be considered by the said Board.

Draft amendments.

1. In rule 2 of the said rules for the words "on or before the date on which a return is due under sub-section (2) of section 22 of

the Act", the words "at any time before the assessment of the income of the firm is made" shall be substituted.

2. In rule 6 of the said rules for the words "on or before the date on which the return under sub-section (2) of section 22 of the Act is due", the words "at any time before the assessment of the income of the firm is made" shall be substituted.

V. S. SUNDRAM,

Secretary, Central Board of Revenue.

No, T.-1826, dated the 7th September, 1926.

From Chamber, to Central Board of Revenue, Government of India, Simla.

I am directed to acknowledge receipt of your notification No. 28, dated 30th July 1926, regarding proposed amendments in rules 2 and 6 of the Income Tax Rules, 1922, and inform you that my Committee approve of the same.

APPENDIX 38.

PROPOSED INSERTION OF NEW RULES IN INCOME-TAX RULES.

CENTRAL BOARD OF REVENUE.

NOTIFICATION.

INCOME-TAX.

Simla, the 4th August, 1926.

No. 29.—The following draft of a further amendment in the Indian Income-tax Rules, 1922, which the Central Board of Revenue proposes to make in exercise of the powers conferred by section 59 of the Indian Income-tax Act, 1922 (XI of 1922), is published as required by sub-section (3) of the said section for the information of all persons likely to be affected thereby, and notice is hereby given that the said draft will be taken into consideration on or after the 7th October 1926. Any objection or suggestion which may be received in respect of draft before the date specified will be considered by the said Board.

Draft amendment.

After Rule 41 of the said Rules, the following new rules shall be inserted, namely :—

"42. A return shall be furnished by the Principal Officer of a Company, under section 19-A, in respect of a dividend or aggregate dividends if the amount thereof exceeds Rs. 10,000.

43. The return by the Principal Officer of a Company under section 19-A shall be in the following form and shall be delivered to the Income-tax Officer who assesses the Company :—

Return under section 19-A of the Indian Income-tax Act, 1922, for the year 1st April 19 -31st March 19 .

Name of Company.....

Address of Company.....

(1) Resident Shareholders

Non-Resident Shareholders

Serial Number.	Name of shareholder.	Address of shareholder	Date of issue of dividend warrants.	(2) Amount of dividends.	
				Net.	Gross.
1	2	3	4	5	6
				Rs.	Rs.

I,.....the principal officer of the..... Company, hereby certify that the above statement contains a complete list of the $\frac{\text{resident}}{\text{non-resident}}$ shareholders of the Company to whom a dividend or aggregate dividends exceeding Rs. 10,000 was or were distributed in the period from the 1st April 19 , to the 31st March 19 .

Dated.....*19* . *Signature*.....

Note.—(1) Separate forms should be used for Resident and Non-Resident shareholders.

(2) Where dividends are issued "free of income-tax", the figure to be entered in column 5 is the sum actually paid, and the figure to be entered in column 6 is the aggregate of the sum so paid and the amount of income-tax payable by the Company in respect of the dividends.

44. All sums deducted in accordance with sub-sections (2) and (3) of section 57 shall be paid by the person making the deduction to the credit of the Government of India within one week from the date of such deduction into the nearest Treasury or to the nearest branch of the Imperial Bank of India which receives payments on behalf of Government."

V. S. SUNDARAM,

Secretary, Central Board of Revenue.

C. No. 29/122-I. T./25.

Copy forwarded to all Chambers of Commerce and the Commissioners of Income-tax.

By order, etc.,

RAM NATT,

for *Secy., Central Board of Revenue.*

No. T.-1836 dated 13th September 1926.

From Chamber to Central Board of Revenue, Government of India, Simla.

I am directed to acknowledge receipt of your Notification No. 29 dated the 4th August 1926 re: insertion of three new rules after Rule 41 of the Indian Income Tax Rules, 1922, and to state that my Committee approve of the same. They further suggest that the principal officer of the Company should give the certificate in the form enclosed herewith, so as to enable the non-resident shareholder to claim refund in case he is not liable to super-tax.

This certificate should form part of the new rules Nos. 42 to 44.

Certificate.

I hereby certify that Rs. ..... being the amount of Super Tax at the rate of ..... annas per rupee has been deducted from Rs. ..... being the amount of dividend on ..... shares standing in your name in the company, and that it will be paid by me to the Government of India within the prescribed period.

To be signed by Claimant.

I hereby declare that the dividend on which supertax has been deducted by the Company was in the shares which were my own property at the time the dividend was declared and were in the possession of .....

Signature.

APPENDIX 39.

REFUND OF INCOME-TAX UNDER SECTION 48 (SMALL INCOMES RELIEF TO NON-RESIDENTS).

C. No. 423-I. T.—25.

GOVERNMENT OF INDIA.

FINANCE DEPARTMENT (CENTRAL REVENUES).

FROM

A. R. LOFTUS TOTTENHAM, ESQ., M. A., C. I. E., I. C. S.,

Joint Secretary to the Government of India.

TO

ALL CHAMBERS OF COMMERCE.

Delhi, the 24th February 1926.

Indian Income-tax Act, XI of 1922—*Section 48—Refunds—Small incomes relief—Non-residents—Amendment of Act proposed.*

SIR,

I AM directed to inform you that the Government of India are contemplating the amendment of the Indian Income-tax Act, XI of 1922, so as to restrict to some extent the right of non-residents to refunds under section 48 (small incomes relief) in respect of dividends of companies liable to Indian income-tax and interest on Indian securities.

2. It is proposed that such refunds should be withheld altogether from non-residents who are not British subjects or subjects of Indian States, while refunds to non-resident British subjects or subjects of Indian States will be allowed and calculated, not with reference as at

present to the claimant's total income taxable in British India, but with reference to his total income wherever derived which would be taxable if it accrued, arose or were received in British India. It would be for the claimant to adduce satisfactory proof of the amount of his income outside British India, and there should be no insuperable difficulty in doing so if it were arranged that certificates granted by appropriate officials in the United Kingdom or a Dominion or Indian States should be accepted as evidence on the point by the taxing authorities in India. It is understood that Inspectors of taxes in the United Kingdom would grant such certificates on application by persons assessed to income-tax on that country.

It will be seen that the proposed amendment is modelled on the law in the United Kingdom.

3. The present executive arrangements in regard to refunds to residents in the United Kingdom by the High Commissioner for India in London have evoked some unfavourable criticism, and the question of regularising them or making other arrangements in regard to them is under consideration. It has even been suggested these refunds should be withheld altogether from all non-residents but the Government of India have decided not to take this extreme step.

4. In regard to non-residents who are not British subjects, there seems to be no reason why India should be more generous than the United Kingdom (except in regard to subjects of Indian States). Theoretically, a company would pay no British Indian Income-tax at all (though it might pay the Company super-tax) if it distributed all its profits and no individual shareholder had a total Indian income amounting to Rs. 2,000. This is of course an extreme supposition which is not likely to be realised in practice, but the fact remains that large sums are refunded to non-resident shareholders many of whom may be in receipt of considerable incomes in other countries. The non-resident thus enjoys an unfair advantage over the resident, owing to what can only be regarded as a travesty of the principle of "small incomes relief". At the same time, there are many directions in which it is undoubtedly difficult to secure that

non-residents shall bear fair share of the burden of taxation, and events have shown that influential members of the class are determined to contest with the utmost obstinacy every doubtful point relating to their liability to taxation in British India.

5. Another reason for restricting refunds to non-residents as far as possible is that in regard to them the difficulties of checking fraudulent claims are greatly accentuated.

6. I am directed to request that the Government of India may be favoured at an early date with an expression of the opinion of your Chamber in regard to these proposals.

I have the honour to be,

SIR,

Your most obedient servant,

(Sd.) A. TOTTENHAM,

Joint Secretary to the Government of India.

No. T.-1801 dated 29th March 1926.

From Chamber to Joint Secretary the Government of India Finance Department (Central Revenues), Delhi.

With reference to your letter of the 24th February 1926, C. No. 423-I.T.-25, I am directed to inform you that the Committee of this Chamber have no remarks to offer at present, but would like to watch the working of the proposed amendment for sometime in order to see if the same gives rise to any complaints or calls for any suggestion.

APPENDIX 40.

AMENDMENT IN RULE No. 9 OF THE INDIAN INCOME TAX RULES 1922.

CENTRAL BOARD OF REVENUE.

NOTIFICATION.

INCOME-TAX.

Simla, the 18th September, 1926.

No. 32.—The following draft of a further amendment in the Indian Income-tax Rules, 1922, which the Central Board of Revenue proposes to make in exercise of the powers conferred by sub section (1) of section 59 of the Indian Income-tax Act, 1922 (XI of 1922), is published as required by sub-section (3) of the said section for the information of all persons likely to be affected thereby, and notice is hereby given that the said draft will be taken into consideration on or after the 18th November 1926. Any objection or suggestion which may be received in respect of the draft before the date specified will be considered by the said Board.

Draft amendment.

In the form set forth in rule 9 of the said Rules, after column 1 of the schedule, the following column shall be inserted, namely :—

"1-A. Original cost."

V. S. SUNDARAM,

Secy., Central Board of Revenue.

No. T-2080 dated the 20th October 1926.

From Chamber to Central Board of Revenues, Simla.

With reference to the Notification of the Central Board of Revenues, No. 32, dated the 18th September 1926, re : the proposed amendment in Rule 9 of the Income-tax Rules, 1922, I am directed to request you to be so good as to inform my Committee of the reasons for the proposed amendment, at your early convenience.

C. No. 587-I. T. dated the 26th October, 1926.

From Central Board of Revenue to Chamber.

In reply to your letter quoted above, I am directed to say that the new column is required because the allowance for depreciation is to be calculated under Section 10 (2) VI of the Indian Income-tax Act on the "original cost" of the machinery etc. to the assessee. The form in rule 9 is intended to contain the prescribed particulars referred to in proviso (a) to Section 10 (2) VI and those particulars should be such as to enable the allowance for depreciation to be calculated. The from as it stands does not provide a column for the "original cost" (except where obsolescence is claimed—see heading to column 4)—consequently the particulars for which the form provides would not enable the allowance for depreciation to be calculated. The form being thus defective it is proposed to amend it in order that it may provide for all the particulars that are necessary.

No. T.-2269, dated the 18th November, 1926.

From Chamber to Central Board of Revenues, Delhi.

I am directed to acknowledge receipt of your letter No. 587, I. T.-26, dated the 26th October, 1926, and to inform you that my Committee have no objection to the proposed amendment in Rule No. 9 of the Income-tax Rules of 1922.

APPENDIX 41.

AMENDMENT IN RULE 39 OF THE INDIAN INCOME TAX RULES 1922.

CENTRAL BOARD OF REVENUE.

Simla, the 25th September 1926.

NOTIFICATION.

INCOME-TAX.

No. 33.—The following draft of further amendments in the Indian Income-tax Rules, 1922, which the Central Board of Revenue proposes to make in exercise of the powers conferred by sub section (1) of section 59 of the Indian Income-tax Act, 1922 (XI of 1922), is published as required by sub-section (3) of the said section for the information of all persons likely to be affected thereby, and notice is hereby given that the said draft will be taken into consideration on or after the 13th October 1926. Any objection or suggestion which may be received in respect of the draft before the date specified will be considered by the said Board.

Draft Amendments.

For rule 39 of the said Rules the following rule shall be substituted, namely:—

39. The application under rule 36 shall be made as follows:—

(a) If the applicant is resident in British India to the Income-tax Officer for the district in which the applicant is chargeable directly to income-tax or, if he is not chargeable directly to income-tax, to the Income-tax Officer for the district in which he ordinarily reside:

(b) If the applicant is resident in the United Kingdom or the Irish Free State, to the Income-tax Officer appointed by the Central Board of Revenue; or

(c) in all other cases,

(i) to the Income-tax Officer of the district or area in which he was last charged directly to income-tax when so resident, or

(ii) if he has never been so resident, to the Income-tax Officer of the district or area where the income-tax for the refund of which application is made was deducted.

Sd. V. S. SUNDARAM,

Secretary, Central Board of Revenue.

No. T.- 2083 dated the 20th October 1926.

From Chamber to Central Board of Revenue, Simla.

With reference to your Notification No. 33 dated the 25th September 1926, I am directed by my Committee to inform you that they approve of the proposed amendments in Rule 39 of the Indian Income Tax Rules, 1922.

APPENDIX 42.

AMENDMENT IN SECTIONS 30 AND 32 OF THE INDIAN INCOME TAX ACT, 1922.

No. T.-1981 dated the 2nd October 1926.

From Chamber to the Government of India Finance Department (Central Revenues), Simla.

The attention of the Committee of this Chamber is drawn to Section 30 of the Indian Income Tax Act of 1922 which empowers

the Assistant Commissioner of Income-tax to entertain the appeals against the orders of the Income-tax Officers only under the proviso of Sections 23 or 27 of the Act or under sub-section (2) of Section 25 or Section 23. The Assistant Commissioner is thus at present restricted to entertain the appeals if the same are lodged with him under the sections stated above. This creates a hardship on the assessee in view of the fact that any orders passed by the Income-tax Officers with regard to registration of firms as well as the penalty levied under Section 46 or claims for refund under Section 48 cannot be appealed against the Assistant Commissioner as the appellate powers are specially restricted under Section 30. My Committee beg, therefore, to suggest that instead of amending the section under which an appeal could be made by the assessee to the Assistant Commissioner, the section may be made general so as to enable the Assistant Commissioner to entertain any appeals against the orders of the Income-tax Officers which arise in the course of the proceedings of the Act. A similar amendment is also required in connection with Section 32 which empowers the Commissioner to entertain appeals if they are against any orders of the Assistant Commissioner uner Section 28 or sub-section (3) of Section 31. As the law stands at present the only remedy of the assessee against the decision of the Income-tax Officers in connection with the orders other than those provided under sections 30 rnd 32 is to make a revision petition to the Commissioner under Section 33 which may be entertained by him or may not be entertained in view of the vague terms of this Section. Further if the revision petition under Section 33 is not entertained by the Commissioner, the assessee cannot ask the Commissioner, to refer the matter for the opinion of the Court under Section 66 of the Act.

Under these circumstances, my Committee beg to request the Government of India to make the necessary changes in the Law so as to allow appeals to the Assistant Commissioner or Commissioner against the orders of the Income-tax Officers on matters that arise in the course of the proceedings under the Act.

D. Dis. No. 872-I. T.-26. Delhi, dated the 9th November 1926.

From Government of India, Finance Department (Central Revenues) to Chamber, Bombay.

In reply to your letter quoted above, I am directed to inform you that the Government of India do not consider that there is any necessity to amend the Indian Income-tax Act (XI-1922) so as to provide for appeals in respect of the matters that you mention. So far as they are aware no such necessity has been experienced in practice.

APPENDIX 43.

RECOMMENDATIONS OF THE TAXATION ENQUIRY COMMITTEE RE: LIST OF PERSONS LIABLE TO PROFESSIONAL TAXES.

No. 5023-F. Bombay Castle, dated the 27th August 1926.

From the Government of Bombay Finance Department to Chamber.

I am directed to invite the attention of the Indian Merchants' Chamber, Bomay, to the proposal of the Taxation Enquiry Committee in paragraph 250 of their report that section 54 of the Indian Income Tax Act, XI of 1922 should be amended so as to permit Income Tax officers to draw up lists of persons liable to local taxes, such as a profession tax, and the sums for which they are liable, and to communicate such lists to the authorities responsible for collecting the local tax. I am to request that the Government of Bombay may be favoured at an early date with the opinion of the Chamber on the proposal.

No. T.-1982 dated the 4th October 1926.

From Chamber to the Government of Bombay Finance Department, Bombay.

With reference to your letter of the 27th August 1926, No. 5023-F my Committee are sorry that they cannot approve of the proposal of the Taxation Enquiry Committee in paragraph 250 of their report that Section 54 of the Indian Income Tax Act, XI of 1922, should be amended so as to permit Income-tax Officers to draw up lists of persons liable to local taxes, such as a profession tax, and the sums for which they are liable, and to communicate such lists to the authorities responsible for collecting the local taxes. My Committee fear that all such methods recommended by the Taxation Enquiry Committee or otherwise are meant to increase the burden of taxation on the people. My Committee have held the position since the last four or five years that the taxable capacity of the people has long since reached its extreme limit and that it is unwise and inadvisable to levy any further taxation. They recognise that the professed object of the Taxation Enquiry Committee in making this recommendation was that in order to obviate the necessity for a double assessment, the law regarding secrecy might well be amended so as to permit the Income-tax Officers to draw up lists of such persons and the sums for which they are liable under local taxation acts and to furnish these to the authorities responsible for collecting the local taxes. They are afraid, however, that any such modification in the law might be used by local bodies as an easy way of raising money by increasing the burden on the income-tax paying section of the population. They also think it most objectionable that the information confidentially available to the Income-tax Officer should be placed at the disposal of any other authority and urge, therefore, that the confidential nature of Income-tax Returns be maintained inviolate.

APPENDIX 44

ABOLITION OF COMPANY SUPER-TAX.

No. T-588 4th August 1926.

From Chamber to Central Board of Revenue, Government of India, Simla.

I am directed by my Committee to draw the attention of the Central Board of Revenue to the great hardship imposed on the taxpayer by the Company Super-tax.

2. This tax is levied at the rate of one anna on the profits of companies over and above the income-tax which amounts to the full eighteen pies on all concerns of any importance. The dividends declared after such deduction do not go only to a few rich people but to thousands of small investors and these small people who would ordinarily be not liable to any tax whatsoever are thus indirectly muloted of 18 plus 12 pies or 30 pies in the rupee in all, which in these times of depression and poor trade is very heavy burden on the investor who has frequently to go without a dividend or be content with a very small dividend. The unfairness of the impost will be better appreciated if it is borne in mind that people who do not invest in shares of joint stock companies but place their money on fixed deposits with Banks etc. entirely escape the whole of these 30 pies deduction at source and have only to pay whatever their real total income made them assessable for. The burden was not felt in the booming days of the war but it is being felt more and more in the past few years owing to industrial profits having declined to very low levels and dividends meagre or none at all and my Committee are strongly of opinion that it has aided in no inconsiderable measure in driving away investors from joint stock companies and making them prefer deposits in Banks etc. My Committee submit that such a result is not in the best economic interests of the country and they, therefore, hope Government will take early steps to entirely do away with the Company Super-tax as has already been done in

England with the prototype, the Corporation Profit Tax. If for any reason Government cannot see their way to immediately do away with the Company Super-tax, then my Committee would strongly recommend that refund of these 12 pies should also be allowed to those assessees whose income entitles them to refund of income tax only at present.

C. No. 728-I. T. 26 dated the 25th August 1926.

From Government of India, Finance Department (Central Revenues), to Chamber.

I am directed to say that the question raised in your letter quoted above is one of those that are being examined in connection with the Report of the Taxation Enquiry Committee, and that the Government of India are not in a position to announce any decision in regard to it at present.

APPENDIX 45.

PRESENT METHOD OF ASSESSMENT OF PROPERTIES TO INCOME-TAX.

No. T.-1586, dated the 4th August, 1926.

From Chamber, to Central Board of Revenue, Government of India, Simla.

The attention of the Committee of this Chamber has been drawn to a representation which has been addressed to you by the Burma Indian Chamber of Commerce, Rangoon, with regard to the present method of assessment of property to income tax. The proviso to Section 9 of the Indian Income Tax Act runs as under:—

> "Provided that the aggregate of the allowance made under this sub-section shall in no case exceed the annual value."

From this proviso, it will be seen that if income from this source is less than the amount of reductions provided therein the loss accrued cannot be set off against income from other sources as provided in Section 24 of the Act. The Income Tax authorities make the position still worse in the case of an assessee who holds several properties by taking each as a separate unit, and not allowing the loss on one to be set off against the profit if any, on the other properties. The unfairness of such a treatment is being particularly felt in these days of severe trade depression which compels a man to raise money on a mortgage of his immoveable properties if he cannot raise it in any other way. The same trade depression makes the interest charges high owing to nervousness among lenders, and also makes the yield s poor owing to properties lying unoccupied for considerable periods. As can be readily imagined no one will give a charge on more properties than can be helped, but the money so raised may have been raised for the development of the remaining properties or for his business. If, therefore, some of the properties show a net loss, it should be allowed to be set off against the results of other properties and the business.

My Committee would beg to draw attention to another hardship. While the losses from some properties are not allowed to be set off against the profits of the same assessee from even his other properties, such profits are added to his business income for purposes of super tax and make a man liable for super tax where otherwise he might not be liable. My Committee submit that this imposes an undue hardship on assessees, and it will be only fair and equitable to allow both the minus and plus results of various immoveable properties of an assessee to be included in the total income for assessment of sup er tax, and they trust this point also will have the early consideration of Government with a view to a change of the persent methods of assessment.

R. Dis. No. 481 (i) I. T. 26 dated the 16th September, 1926.

From Government of India Finance Department Central Revenues to Chamber.

In reply to your letter quoted above, I am directed to say that the Government of India consider that where an assessee is the owner of several items of property within the meaning of section 9 (1) of the Income Tax Act, XI of 1922, the allowances admissible under that section should be worked out with reference to the annual valuation of the property taken as a whole and not item by item. This is already the practice in some provinces and orders are being issued by the Central Board of Revenue directing all the Commissioners of Income-tax to adopt it.

2. The Government of India are not prepared to amend the Act by the cancellation of the proviso to Section 9 (1) according to which the aggregate of the allowances made under the sub-section shall, in no case, exceed the annual value. I am directed to point out that the sub-section, as it stands, is, by no means, unfavourable to the owners of property because clause (iv) embodies an important departure from one of the general principles underlying the Act. Ordinarily, no expenditure is allowed as a deduction in calculating income for the purposes of the Act except such expenditure as has been incurred solely for the purpose of earning that income. Under clause (iv) of sub-section (1) of section 9, there is no such restriction so that a property owner is entitled to set off, against value of property, the interest payable on a mortgage or other charge upon the property irrespective of the purpose for which the encumbrance was created.

3. I am directed further to point out that there seems to have been some misunderstanding in regard to the effect of clause (iv) of sub-section 1 of Section 9. Where money has been borrowed by an assessee for the purposes of any business carried on by him, the interest payable in respect of such money is an admissible deduction under clause (iii) of sub-section (2) of section 10 without reference to the security on which the loan is advanced. That is to say, the

proviso to sub-section (1) of section 9 has no application to interest on money borrowed for business purposes even though such money may have been borrowed on the security of the assessee's property.

No. 2317, Simla, dated the 9th October, 1926.

From Government of India Finance Department (Central Revenues to Chamber).

Corrigendum.

In paragraph 3 of the Finance Department (Central Revenues) R. Dis. No. 481 (i)-I. T. 26, dated the 16th September, 1926, for the words "carried on by him, the interest", read "carried on by him. The interest....."

APPENDIX 46.

PRACTICE OF LOCAL INCOME-TAX OFFICE OF TAKING DOWN NOTES FROM ACCOUNT BOOKS OF MERCHANTS.

No. T.-1472 dated the 14th July 1926.

From Chamber to the Commissioner of Income Tax Bombay.

The attention of my Committee has been drawn by various members to certain objectionable practices in the present procedure for verifying the income of assessees. We are informed that merchants are compelled to attend with heaps of books which first pass through the hands of minor assistants and have again to pass the hands of Examiners with the result that they have to waste at least two or three days and sometimes many more days in attending the Income Tax Office much to their inconvenience and loss of business. But there is a much more serious complaint that they

make viz. that the Income Tax Staff while examining the books take down notes of names of parties with whom or through whom the assessee may be doing business as also of, people who may have lent money to the assessee's firm for fixed periods or on call with the object of trying to assess such other people to tax. They even go as far as to insist on further details of the transaction and the addresses of such parties with the result that the business secrets are exposed, the financial standing of the assessee is injured and people who have their deposits with him take away their deposits and place them with Exchange and other Banks, thus crippling the assessee financially, because no Income Tax assistant would dare to take similar liberties with the books of banks and consequently the secret of the depositor is safeguarded. Instances have also happened where after getting such information from an assessee the Income Tax Office has called upon the parties dealing with the assessee for a statement of their income and told them how they came to know of the position of such party. My Committee very strongly feel that the things complained about should be put a stop to at once. They beg to point out that the Bombay Income Tax Committee had emphatically expressed their opinion against any notes being taken from assessee's books and my Committee trust that what is happening now is due to the ignorance of over-zealous assistants who do not correctly appreciate the seriousness of the action above complained of and they feel confident that the undesirable practices above referred to will be immediately discontinued now that your attention is drawn to them.

No. Adm. 175 of 1926-27, dated the 2nd August 1926.

From Commissioner of Income-tax Bombay Presidency to Chamber.

With reference to your post-card No. T. 1569 dated 30th July 1926, I have the honour to inform you that the matter is under enquiry and your Chamber will be duly informed of the result as soon as the enquiry is complete.

2. In your letter you state that "instances have also happened where after getting such information from an assessee, the Income-tax Office has called upon the parties dealing with the assessee for a statement of their income and told them how they come to know of the position of such party." If you can kindly point out any specific instances in which parties were informed to this effect by the Income-tax Office it will greatly facilitate my enquiries as so far I am unable to trace any such instance.

No. Adm. 175 of 1926-27, dated the 14th August 1926.

From Commissioner of Income-tax Bombay Presidency to Chamber.

In reply to your letter No. T. 1472 of 14th ultimo, I have the honour to inform you that strict orders have been already issued to all Officers to put the assessees to the least amount of trouble in the matter of the examination of their accounts. The accounts of assessees have *not* to go to "minor assistants" before going to Examiners. They are to be sent to Examiners only for being examined. The time taken to examine varies with the intricacy of the case and the extent of the business. Your Committee, composed as it is of sound business men, will find no difficulty in realising that the examination of accounts is not the work of a few minutes. Regular audit of accounts takes months as everybody is aware. This Department, however, in the majority of cases tries to complete the examination on the very day the accounts are produced. Intricate cases of big business where accounts of a number of branches are concerned are bound to take 3 or 4 days or even more to go through them. The examination of accounts is in the interest of honest tax-payers to ensure a just distribution of the burden of tax on all persons liable to it and in view of the large number of cases of manipulation of accounts which are met with by the Department, your Committee will find no difficulty it understanding that a superficial examination of accounts would be worse than useless. The members of your Chamber may be informed that if any assessee finds his assessment unduly delayed, it may forthwith be brought

to the notice of the Assistant Commissioner or the Commissioner who will surely give prompt attention to the complaint.

As regards the portion of your letter relating to the taking of notes from the assessees' accounts by Examiners regarding interests payments etc., I beg to invite the attention of your Committee to the report of the All-India Income-tax Committee in the matter which has overruled the recommendations of the Bombay Committee. For facility of reference, I quote below an extract from their report referring to this matter.

> "We do not agree with the Bombay proposal that Income-tax Collectors should be debarred from taking notes from accounts of the names of persons who borrowed money from or lent money to the firm that is being assessed. We agree that any such notes must be kept strictly confidential."

The strictest secrecy has been ordered to be observed in the matter and I have already written to you and requested you to let me know of any specific instance in which a person was told as to how the Department came to know of his income. If any one is proved to have transgressed the orders given, he will be duly dealt with. To make assurance doubly sure, I am once again bringing to the notice of all my officers the above recommendations of the All-India Income-tax Committee. I trust this will suffice your purpose. The Officers of the Department have strict orders to so regulate their assessment proceedings as to cause the least amount of inconvenience to assessees and I shall ever be ready to investigate any alleged case of departure from this principle.

APPENDIX 47.

INFORMATION RE: NAMES AND ADDRESSES OF RECEPIENTS OF INTEREST CALLED FOR BY THE INCOME-TAX OFFICE.

No. T.-2096, 21st October, 1926.

From Chamber to the Commissioner of Income-Tax Bombay.

The attention of my Committee is drawn to the practice of your office of asking for confidential information regarding names and addresses of recepients of interest from concerns that take deposits.

My Committee will be much obliged if you will kindly inform them under which Section of the Income-Tax Act such information is called for and whether the same is asked from every concern that takes deposits.

No. Adm.-313-26, 23rd October, 1926.

From Commissioner of Incom Tax Bombay Presidency to Chamber.

With reference to your above letter, I have the honour to invite your attention to the correspondence ending with my No. Adm. 175 of 24th August, 1926. If you are now referring to some other matter, kindly let me have details as regards persons who heve been asked to furnish this information specifying the Income-tax Officers who called for it.

No. T.-2227, dated the 15th November, 1926.

From Chamber to the Commissioner of Income Tax, Bombay Presidency, Bombay.

With reference to your letter No. Adm. 313-26, dated the 23rd October, 1926, I am directed to inform you that the information in

question was called for by Mr. F. R. Merchant, Senior, Income-tax Officer, Bombay, from Mr. Ebji Shivji of 93-95, Bazar Gate Street, Fort Bombay, on the 28th September, 1926.

My Committee understand that such information is being called for by your Department from many other persons.

It is hoped that you will kindly make the necessary enquiries in the matter and inform my Committee under which Section of the Indian Income Tax Act such information is called for.

No. Adm. 313-26, dated the 7th December, 1926.

From Commissionor of Income-Tax Bombay Presidency to Chamber.

In continuation of this office letter No. Adm. 313 dated the 25th November, 1926 in the above matter, I have the honour to inform you that for the purpose of deciding the amount of income liable to assessment, it is necessary at times to ascertain whether certain interest has been paid as also to judge the genuineness of the entries written up by traders and others in their Interest Accounts and for that purpose enquiries are at times made.

2. The Department does not however write general letters of enquiry to Banks, Companies, Firms or private individuals asking for the names and addresses and particulars as to the amounts of interest paid to persons to whom they have paid interest on monies on deposit or loan.

3. As you have mentioned the name of Mr. Ebji Shivji in this connection I regret being unable to discuss with you any point which may have arisen in connection with his income-tax assessment as the matter is one which has to be treated as being strictly confidential under the provision of Section 54 of the Income-tax Act, 1922.

APPENDIX 48.

INFORMATION RE: COMMISSIONS OF AGENTS AND CONVASSERS OF INSURANCE COMPANIES AND DEDUCTIONS OF INCOME TAX THEREFROM;

No. T.-2510 dated the 23rd December 1926.

From Chamber to the Commissioner of Income Tax Bombay Circle, Bombay.

My Committee are informed that your Department is asking Insurance Companies to remit the income-tax due on their agents' and canvassers' commissions. You will be pleased to let them know if such a practice is in vogue.

No. Int. 405-26 dated the 11th January 1927.

From Commissioner of Income-tax Bombay Presidency to Chamber.

With reference to your letter quoted above and the subsequent interview of the 6th instant in the above matter, I have the honour to state that an understanding to the following effect has been arrived at with the Insurance Companies, Associations controlling 128 Companies, in connection with the deduction of tax on the income derived by their agents, sub-agents and canvassers.

2. The Head Office or Branch or Local Representative of each Insurance Company which is a member of :—

(a) The Bombay Fire Insurance Association,

(b) The Bombay Under-writers Association,

(c) The Bombay Accident Association,

and any Insurance Company which is a member of any of the above Associations and transacts any other class of Insurance shall, in

respect of the fiscal year ended 31st March 1926, submit to the Income-tax Officer a list of the names and addresses only of all persons to whom commission has been paid in excess of Rs. 500. The status of each person (e. g., Chief Agent, Sub-Agent, Broker &c.) will be indicated in such list, which will include payments of commission to agents etc., who are under the control of the Head Office Branch or Local Representatives.

3. The Chief Agents or Independent Agents of Insurance Company will furnish to the Income-tax Officer with the names and addresses of their sub-agents and other persons to whom they pay commission.

4. The Insurance Companies will submit the usual Returns showing the names and addresses of all persons in their employ who are remunerated by salary and commission and shall deduct the tax thereon at the time of payment.

5. Deduction of tax will not be made by Insurance Companies from payments under paras 2 and 3 above.

6. The same procedure will be adopted in respect of the year ending 31st March 1927.

7. As regards the year commencing from 1st April 1927, the Income-tax Officer will be supplied with full lists of names and addresses and amounts of commission paid but the tax thereon will be recovered by the Income-tax Officer and not by the Insurance Offices, except in cases referred to in para 4 above.

8. It is to be understood that the term "Commission" applies to any remuneration conceded to Agents and other parties in respect of insurances canvassed $\frac{\text{and}}{\text{or}}$ introduced, but does not embrace any discounts which may be allowable under the various Insurance Tariffs, as such are rate concessions and not payments.

APPENDIX 49.

AMALGAMATION OF INCOMES OF HUSBAND AND WIFE FOR INCOME AND SUPER-TAX PURPOSES.

C. No. 487-I. T. 26 Simla, dated the 6th July, 1926.

From Government of India Finance Department (Central Revenues) to Chamber.

I am directed to invite the attention of your Chamber to the suggestion of the Taxation Enquiry Committee in paragraph 253, page 206, of their Report that "for the purpose of charging income-tax and super-tax, the income of a husband and wife living together should be aggregated for the purpose of computing the amount of tax to which they are liable and that the tax on the whole at this rate should be divided between the two in proportion to the amount of their separate incomes."

2. The Committee give two reasons in support of this proposal :—

(1) It will help to check the avoidance of tax by the formation of bogus firms "since a wife is the most convenient form of bogus partner"; and,

(2) "It is only just on general grounds that the incomes of married couples living together should be taxed at the rate applicable to their aggregate income which represents their real ability to pay."

3. The Committee thus propose to assimilate the Indian to the English law in this respect. The question is whether the suggested amendment of the law is suitable or is susceptible of modification so as to make it suitable to Indian conditions. A clause in the Income-tax Bill of 1917 similar in effect to the proposed amendment was deleted by the Select Committee (paragraph 23 of their Report) owing apparently to the opposition of the Indian Members and of a European Member who considered its provisions unsuitable to Burma

4. No doubt if any such change in the law is to be made the new section will have to be carefully framed so as to adapt it to the different forms of law prevailing among Hindus, Muhammedans and Budhists and the varying customs of those and other communities. In regard to a wife's *stridhan* in particular difficulties may arise.

5. I am directed to request therefore that (with the permission of His Excellency the Governor in Council) the Government of India may be favoured with an expression of the views of your Chamber on the questions :—

(1) Whether it is desirable to amend the law on the lines suggested by the Taxation Enquiry Committee?

(2) If so, what special provisions are necessary to meet Indian conditions generally or the customs prevalent in particular localities or among particular communities?

No. T.-1844 dated the 15th September 1926.

From Chamber to the Government of India Finance Department (Central Revenues), Simla.

I am directed by my Committee to acknowledge receipt of your Circular No. 487 I. T.-26, dated 6th July 1926, re; the amalgamation of income of a husband and wife for Income and Super Tax purposes, and send hereby their views on the same.

My Committee have carefully considered the above proposal of the Taxation Enquiry Committee and the reasons advanced for the same. They think that the proposal in question is beset with great difficulties. The Taxation Enquiry Committee have not sufficiently realised the peculiar conditions of the Indian society generally and the Hindu society in particular. It has been distinctly laid down in the Hindu Law that nobody else except the woman herself has any right in or the claim over her Stridhan. The fact that the wife lives with her husband should not be interpreted in the sense that

the husband is also the master of the property of his wife. This recommendation, if given effect to, will go against the spirit of the Hindu Law with regard to Stridhan, and my Committee are therefore of opinion that the suggested amendment of the law is neither suitable nor susceptible of modification so as to make it suitable to Indian conditions.

Over and above this particular, legal difficulty, I am directed by my Committee to draw your attention to the unjust and unreasonable burden the husband or wife will have to bear if his or her spouse happens to bring some income by way of dividends or interests etc. This point can very well be realised by a hypothetical illustration. Suppose the income of the husband is Rs. 1,800 per year and the income of the wife is Rs. 300 per year. The husband shall have to pay an income tax at the prescribed rate because the aggregate income will be above the income tax limit. In the same way a husband would be liable to pay super tax if with the income of the wife the aggregate income came to over Rs. 50,000, which he would not pay otherwise.

Under all the circumstances mentioned above, my Committee are strongly opposed to any amendment proposed to be made on the lines suggested by the Taxation Enquiry Committee.

FINANCE DEPARTMENT (CENTRAL REVENUES).

New Delhi, dated the 26th February, 1927.

No. 8.—The following *Communique* is published for general information.

COMMUNIQUE.

The Taxation Enquiry Committee recommended in paragraph 253 of their Report that for the purpose of charging income-tax and super-tax, the income of a husband and wife living together should be aggregated for the purpose of computing the amount of tax to which they are liable; and that the tax on the whole at this rate

should be divided between the two in proportion to the amount of their separate incomes.

The Government of India invited all Local Governments and Administrations, and Chambers of Commerce and similar bodies to express their opinions in regard to this suggestion, and also consulted Commissioners of Income-tax. After considering the replies received, the Government have decided that the suggested amendment of the law is unsuited to Indian conditions and they do not propose therefore to pursue the matter.

A. TOTTENHAM,

Joint Secy. to the Government of India.

R. Dis. No. 487-I. T. 26.

Copy forwarded to all Local Governments and Administrations, all Chambers of Commerce and all Commissioners of Income-tax, for information.

By order etc.,

RAM NATT.

For Under Secy. to the Government of India.

APPENDIX 50.

MUNICIPAL TAXES ON COMPANIES IN MADRAS PRESIDENCY (VIDE ITEM No. 61 OF THE CHAMBER'S REPORT FOR 1925)

No. Mis. 4716 L. & M., dated the 22nd December 1925.

From Government of Madras, Local Self Govern ment Department to Chamber.

I am to enclose extracts of clauses 4, 49, 51 and 94 (rule 16 only) of the Bill to amend the Madras District Municipalities Act, 1920,

proposed to be introduced by the Government in the Legislative Council in due course and to state that the hardships complained of by you will disappear if the Bill is passed into law.

Extract of the Bill to amend the Madras District Municipalities Act, 1920.

4. For sub-section (8) of section 3 of the said Act the following shall be substituted:—

"(8) 'Company' means a company as defined in the Indian Companies Act, 1913, or formed in pursuance of an Act of Parliament or of Royal Charter or Letters Patent or of an Act of the Legislature of a British Possession, and includes any firm or association carrying on business in British India whether incorporated or not and whether its principal place of business is situated in British India or not, which the Local Government may, by general or special order, declare to be a company for the purposes of this Act.

Provided that it shall not include any society registered or deemed to be registered under the Co-operative Societies Act, 1912."

4a. For section 92 of the said Act the following shall be substituted:—

"92. If a Chairman publishes a notification under section 80 that a companies' tax shall be levied, every company which, after the day specified in such notification, transacts or has transacted business in the municipality for sixty days in the aggregate in any half-year shall pay for such half year a tax on the income derived in or from the municipality by such company in accordance with the provisions of Schedule IV.

Explanation.—Where the agent happens to be a company, such agent shall not be liable separately for the companies' tax on the same income as that of the principal company."

51. For section 95 of the said Act the following shall be substituted :—

"95. If in any half-year a tax due in respect of any company which is liable for the companies' tax or in respect of any person who is liable for the profession tax is not paid, the Chairman shall cause a notice to be served on such company or person to pay it within fifteen days from the date of such service."

Clause 94. Redraft of rule 16 of schedule IV of the District Municipalities Act 1920.

Assessment of the Companies tax.

16. (1) The classes into which companies shall for the purposes of assessment to the companies tax be divided and the maximum half yearly tax leviable on each class shall be as follows :—

Class.		Amount of halfyearly income.		Maximum Half-yearly tax.			
		Rs.		Rs.	Rs.	as.	p.
I	more than	25,000			470	0	0
II	„	20,000	but not more than	25,000	375	0	0
III	„	15,000	„	20,000	280	0	0
IV	„	12,500	„	15,000	145	0	0
V	„	10,000	„	12,500	120	0	0
VI	„	7,500	„	10,000	90	0	0
VII	„	5,000	„	7,500	60	0	0
VIII	„	2,500	„	5,000	30	0	0
IX	„	1,000	„	2,500	12	0	0

(2) The Council shall determine the tax leviable on each class subject to the maximum specified in sub-rule (1).

Provided that the proportion which the tax on any class bears to the minimum income of that class shall in no case be smaller than

the proportion which the tax on any lower class bears to the minimum income of such lower class.

(3) The Chairman shall assign to every company liable to taxation the class in the scale appropriate to the half-yearly income which in his opinion such company derives in or from the municipality and provided that a notice under section 95 or a bill under rule 29 has not been served, shall revise such classification if satisfied that any company which he has placed in one class should be placed in a different class.

No. T. 329 dated the 8th February 1926.

From Chamber to the Government of Madras Local Self Government Department, Madras.

I am directed to acknowledge receipt of your letter of the 22nd December 1925, No. Mis. 4716 L. M., enclosing extracts of some of the Clauses of the Bill to amend the Madras District Municipalities Act, 1920.

My Committee regret that they cannot agree with your view that the amendment proposed to be introduced by the Government of Madras in the Legislative Council will remove the hardships complained of in my letter of the 8th December 1925, No. T. 1756.

It is found that the word 'income' has not been defined; at least in the extracts supplied by the Government no definition of the word is given. In the absence of such a definition it will again be open to Municipalities to interpret the word to mean sales or business turn over instead of profits. My Committee beg to suggest, therefore, that the word 'income' should be defined as it has been in the Indian Income Tax Act.

The maximum half-yearly tax is proposed to be raised from Rs. 250 to Rs. 470, an increase of 88 percent over the present limit of taxation. It will mean that a Company whose half-yearly income exceeded Rs. 25,000 will have to pay Rs. 940 per year as Companies'

tax against Rs. 500 under the existing Act, which my Committee had found excessive.

Clause 16 sub-clause 3 of Schedule 4 of the Bill proposes that the Chairman of a Municipality shall assign to every Company the class appropriate to the half-yearly income which such company derives in or from the Municipality according to statements submitted by the assessee as is now done for Income Tax. My Committee are of opinion that some better provision should be made for ascertaining the income of a Company than the opinion of the Chairman of the Municipality whose decisions are liable to be arbitrary.

My Committee trust that these suggestions will meet with favourable consideration from the Government of Madras and be accepted by them when the Bill comes before the Legislative Council.

APPENDIX 51.

ABOLITION OF STAMP DUTY ON BILLS OF EXCHANGE.

No. T.-1839, 15th September, 1926.

From Chamber to the Government of India, Finance Department Simla.

With reference to the correspondence ending with my letter No. T.-1223, dated 3rd June, 1926, re: the proposal to reduce the one anna stamp duty on cheques, to the Government of Bombay, Finance Department, I am directed by my Committee to draw your attention to the recommendation of the Royal Commission on Indian Currency and Finance in paragraph 116 of their report re: the abolition of Stamp Duty on Bills of Exchange.

My Committee trust that the Government of India will see their way to give effect to this important recommendation of the Royal Commission at an early date.

APPENDIX 52.

REDUCTION OF STAMP DUTY ON CHEQUES.

No. 4703-A. Bombay Castle, dated the 25th May, 1926.

From the Government of Bombay Finance Department, to Chamber.

I am directed to forwarded a copy of the letter from the Government of India, Finance Department (Central Revenues), No. C. 24 Stamp-26 dated 12th March, 1926, on the subject specified above, and to state that the Governor in Council will be glad to receive the views of your Chamber on the proposal at a very early date.

C. No. 24-Stamps-26, Delhi, dated the 12th March, 1926.

GOVERNMENT OF INDIA.

FINANCE DEPARTMENT (CENTRAL REVENUES).

From,

V. S. SUNDARAM, Esq,

Under Secretary to the Government of India,

To,

All Provincial Governments.

Sir,

Proposal to reduce the one anna stamp duty cheques.

I am directed to refer to my letter No. D.-5121-F, dated the 22nd December, 1925 regarding the report of the External Capital Committee. The question of reducing the stamp duty on cheques was not definitely referred to in that letter, but the question has now been raise in the Council of State by the Hon'ble Mr. P. C. Sethna and

in reply to his question on the subject it was stated that the Government of India would consider the matter in connection with the report of the External Capital Committee. The Hon'ble Mr. Sethna also gave notice of a Resolution in the Council of State recommending a reduction in the rate of stamp duty from one anna to half an anna, but owing to the Hon'ble Member's absence the Resolution will not now be moved.

2. From figures which have been obtained by the Government of India from the Local Governments, the amount of the stamp duty obtained from embossed stamps on cheques has been ascertained to be in the neighbourhood of 7 lakhs a year. The details supplied by the various Provinces are given below :—

Provinces.	Stamp duty on cheques 1923-24 Rs.	Stamp duty on cheques 1924-25. Rs.
Madras	77,048	69,252
Bombay	2,41,000	2,50,000
Bengal	2,60,614	2,28,017
United Provinces ...	48,045	43,477
Punjab and North West Frontier Provinces ...	35,354	35,595
Burma	45,000	43,000
Bihar and Orissa ...	981	4,526
Central Provinces ...	7,336	6,100
Assam	1,073	1,031
	7,16,451	6,83,998

There is good reason to believe that the number of cheques stamped with unified stamps is negligible. The above quoted figures indicate that the use of cheques in India is still on a relatively small scale, and it appears to the Government of India a matter for serious consideration whether the rate of duty should not be reduced as sug-

gested by the Hon'ble Mr. Sathna with the object of popularising their use and extending banking habits. It is true that in England in 1918 the stamp duty on cheques was raised from one penny to two pence, but a perusal of the report of the debate in the House of Commons on the occasion shows that this proposal met with more active opposition than perhaps any other in the Budget of that year, and Mr. Bonar Law in defending it definitely stated that his reason for going on with the proposal was that the use of cheques had become so established in England and their convenience was so generally recognised, that it was unlikely that the increased duty would have any effect in reducing the number of cheques used. He added that if he had any fear that their number would be reduced, he would not proceed with the proposal. The position in India is entirely different, where the advantages and convenience of the use of cheques are still imperfectly recognised.

3. The Government of India would call attention to the fact that in 1921 the question of increasing the stamp duty on cheques in India was raised both by the Committee appointed by the Government of Bengal and by the Bombay Government, but that on further consideration the proposal was dropped with the agreement of all Provincial Governments, since it was felt that it would constitute an interference with the development of banking. The question, however, of reducing the existing rate has not hitherto been considered.

The view of the Government of India is that the proposal to reduce the rate of stamp duty on cheques is one which deserves careful consideration. They have not sufficient data to decide whether the existing rate of stamp duty actually constitutes an obstacle to the development of banking habits, but if it does so, they consider that this is undesireable in the best interests of India and think that a reduction to ½ anna might be a valuable step forward as well as valuable proof of the Government's earnestness in desiring to encourage the banking habit. If the reduction of the duty were to result in popularisation of the cheque system, it is possible that reduction in the rate of duty would not in the long run lead to a loss of revenue to Provincial Governments, to whom this revenue of course belongs. The Government of India, however, would

not be in favour of any suggestion to abolish the duty altogether, as was origirally suggested by the Hon'ble Mr. Sethna. It is true that in the United States of America there is no stamp duty on cheques, but it is believed that banks in that country find means to protect themselves against the excessive use of cheques for petty sums, which naturally would throw considerable extra work on the banks and would tend to clog the machinery of the Clearing Houses. The Government of India would deprecate the introduction into India of any such vexatious restrictions.

5. I am therefore to request that the Government of India may be favoured with the views of His Excellency the Governor in Council on this question.

I have the honour to be,

Sir,

Your most obedient servant,

Sd. V. S. SUNDARAM,

Under Secretary to the Government of India.

Copy forwarded to the Finance Department for information.

No. T,-1222, dated the 3rd June, 1926.

From Chamber to the Government of Bombay Finance Department of Bombay,

With reference to your letter of 25th May, 1926, No. 4703-A, I am directed to send hereby the views of my Committee.

My Committee have long since been in favour of reducing the one anna stamp duty on cheques as, in their opinion, it comes greately in the way of the development of banking in this country.

My Committee notice from the figures given in the Government of India letter that the revenues derived from the stamp duty on cheques is very insignificant when compared to the total revenues of

each Province and they would urge its total abolition as if one anna has been a deterrent to banking habits half anna will still be a deterrent.

APPENDIX 53

TAXES ON TRANSACTIONS ETC. TAXATION ENQUIRY COMMITTEE'S RECOMMENDATIONS RE.

No, 5018-A Bombay Castle, 21st September 1926.

From the Government of Bombay Finance Department to Chamber.

I am directed by the Governor in Council to forward a copy of letter from the Government of India, Finance Department (Central Revenues) No. 103 Stamps 26 dated 17th July 1926 and to request you to obtain the views of your Chamber on the letter and to communicate them to this Department at an early date.

C. No. 1(3 Stamps-26.

GOVERNMENT OF INDIA.

FINANCE DEPARTMENT (CENTRAL REVENUES).

FROM

A. R. LOFTUS TOTTENHAM, ESQ., M.A., C.I.E., I.C.S.,

Joint Secretary to the Government of India.

To

ALL LOCAL GOVERNMENTS & ADMINISTRATIONS.

Simla, the 17th July 1926.

Taxation Enquiry Committee—Taxes on Transactions—Stamps Act.

I am directed to refer to paragraphs 277-317 in Chapter X of the Taxation Enquiry Committee's Report, which deal with the subject of

stamp revenue. In paragraphs 277-283 the Committee discuss the merits of the tax generally, concluding with the recommendation that there should be no drastic changes in the Stamp Law and the Government of India have accepted this conclusion. In paragraphs 312-316 the general questions of uniformity and of the choice between provincialisation and centralisation of revenue are discussed. These subjects will not be dealt with in the present reference, which is concerned only with those detailed recommendations that have been made by the Committee in paragraphs 284 311 and 317 of their Report. Whatever decision may be reached as regards the disposal and control of the stamp revenue it is certain that the detailed recommendations of the Committee must be discussed by Local Governments at the instance of the Government of India, in whose hands the power of legislation has been retained even though under the existing arrangements stamp revenue is provincial and variations in rates between the Provinces have been authorised. The Government of India will be grateful if *(with the permission of His Excellency the Governor in Council) the details covered by the paragraphs here mentioned may be discussed in consultation with public bodies and judicial and administrative officials and others and, after such discussion, the opinions of the local Government may be formulated and communicated to the Government of India. The Government of India do not propose to express any opinions on the merits of any of the proposals (except with regard to paragraph 294 of the Report) but will content themselves with quoting references, supplying information that may not be generally accessible and making suggestions with a view to assisting the proposed discussions.

2. *Paragraph* 285 *of the Report—No.* 40 *Schedule I.*—In connection with the proposal that there should be no distinction between the duty on mortgage deeds under which possession is given and on mortgage deeds under which possession is not given, it appears to the Government of India that it is impossible to consider a proposal to lower the tax on mortgages in which possession is given below that on conveyances without taking into account the possibility that

* ( ) only to major Provinces.

fraudulent evasion of the tax on conveyances might result. So far as English mortgages as defined in Section 58(*e*) of the Transfer of Property Act are concerned, the risk of such evasion seems to be obvious. Even in the case of usufructuary mortgages a person who was really a purchaser but nominally a mortgagee would, from the first, be in possession and could become absolute owner by a bogus suit for foreclosure at the cost of a nominal court fee in one of the Presidency towns, if the case fell within the original jurisdiction of the High Court, though elsewhere he would have to pay such high court fees in a bogus suit for foreclosure as to wipe out the saving of stamp duty when property worth anything less than 6 lakhs of rupees was involved.

3. *Paragraph* 290—No. 58, *Schedule I.*—When the proposal to alter the duty on Settlements is being considered, it may be convenient to re-examine the exemption in favour of deeds of dower executed on the occasion of marriages between Muhammadans. This exemption dates from 1886 and was made because such dowers were by custom fixed far above the means of the contracting parties, all or most of the amount being merely conditionally settled and not becoming payable until the dissolution of the marriage, the settlement thus serving as a check on divorce. It may be desirable to consider whether duty should not be levied in respect of such portion, if any, of the amount settled under a Muhammadan deed of dower as represents a prompt and not a conditional payment.

4. *Paragraph* 292—*Partition—Schedule I—Article* 45 *proviso B.*—This proviso dates from the Government of India, Finance Department, Notification No. 1381, dated 8th June 1883. All Local Governments were consulted before the proposal, which emanated from the Punjab Government, was accepted. The case for the concession was that stamp duty assessed on the value of the property fell very heavely on partitions of small properties such as were common in the Punjab and that in consequence people were likely to refrain from effecting formal divisions of land, contenting themselves with verbal arrangements that often led to useless litigation.

5. *Paragraphs*—293-294. In these two paragraphs the Committee propose that the registration of limited companies should be subjected

to an *ad valorem* duty assessed on the nominal capital and that, if this is done, an *ad valorem* scale should be applied to instruments of partnership based on the capital of the partnership. With regard to the first of these proposals, the Government of India are of opinion that it is undesirable to impose a new tax on the registration of limited companies so long as the Super-tax on companies is retained as proposed by the Committee elsewhere in the Report. It is possible that, in proposing that the *ad valorem* duty should be levied on the nominal share capital of companies with limited liablity, the Committee had in mind the desirability of discouraging the practice followed by some petty Banking or Insurance Companies of fixing, for the purpose of advertisement, a nominal capital out of all proportion to the actual capital. This evil has already been discussed; and a proposal made in 1920 that, in order to check it, an *ad valorem* duty of 14 per cent. should be levied on the nominal capital of all companies registered in India has been rejected and the Government of India have already decided that when the Indian Companies Act is amended the alternative of prescribing by law a proportion between the authorised and subscribed capital and the subscribed and paid up capital of limited companies should be considered. The last circular sent out to Local Governments on this subject was Commerce Department letter No. 141, dated the 6th January 1921.

6. *Paragraph* 297.—In this the Committee suggest that the steps or slabs in the scale of duties relating to Bonds and Conveyances when the consideration involved is between Rs. 1,001 and Rs. 5,000 should be Rs. 200 each and not Rs. 500 each as at present. A simple calculation will show that the introduction of such a change would involve a definite loss of revenue unless there was a general raising of the level of duty, while if the necessary enhancement were made the maximum relief to any individual would be Rs. 2 under the Imperial scale. Practical experience alone could show whether the danger that transactions might be split up and effected by more than one document for the purpose of avoiding duty was real; the maximum gain under the existing Imperial scale from such a procedure would, in the case of conveyances, appear to be Rs. 4-8 and that gain would be obtained only in the extreme case of a value such

as Rs. 1,000, 1,550 or 2,050 split up into transactions of Rs. 1,000 *plus* Rs. 50, or Rs. 1,500 *plus* Rs. 50 or Rs. 2,000 *plus* Rs. 50, respectively.

7. *Paragraph 297 and 298—attested and unattested documents.*—

(1) *Instruments of pawn or pledge.*—These are exempt from duty, if unattested, under Schedule I, No. 6, and the exemption holds good in all the Provinces except Bengal, Assam and the United Provinces which (designedly) omitted the exemption when the stamp duties were enhanced by local legislation in or about 1922. It is clear from a letter recently received from the Imperial Bank of India, No. 5917 of 13th November 1925, in which the Bank protested against the withdrawal of the exemption (copy enclosed), that the exemption (where it survives) is now taken advantage of to a large extent by those who are pledging articles of considerable value. The concession originated in 1890 with an exemption in favour of pawns of small value only; Notification No. 5136, dated 27th October 1890, issued by the Government of India at the instance of the Madras Government, remitted the duty chargeable on any instrument evidencing an ordinary pawn transaction where money was borrowed on the pledge of moveable property, and the sum borrowed did not exceed Rs. 20. The exemption was renewed in the same terms in a consolidating notification of 1895. When the Local Governments were first consulted on the proposal for legislation which developed into the Indian Stamp Act, II of 1899, the Government of India did not suggest any raising of the limit Rs. 20, but merely the possibility of imposing a 1 or 2 anna duty on instruments falling below that limit. The majority of Local Governments were in favour of maintaining the exemption, with the same limit; one Government recommended raising the limit to Rs. 50. There does not seem to have been a hint from any source that the exemption might be extended to transactions on such a scale as would interest a bank. When the Bill

was drafted, however, the exemption appeared under the head "Mortgage-deed" in the form—"instrument of pledge or pawn of goods if unattested." In the notes on clauses it was said,—"An exemption has been added to make it clear that ordinary pawn transactions are not liable to stamp duty." No explanation of the disappearance of the limit of Rs. 20 is given here. It is curious that none of the officers or public bodies consulted on the draft Bill made any comment on the point. In 1904, the exemption was transferred from the item "Mortgage-deed" (No. 40 in the schedule) to a revised item No. 6, which instead of dealing with "Agreements by way of Equitable Mortgage" henceforward dealt with "Agreements relating to deposit of Title-deeds, Pawn or pledge." This was purely a formal change, explained in the statements of Objects and Reasons to the Bill of 1904 as due to the desire to confine the word "Mortgage-deed" in No. 40 to mortgagages of immoveable property [an objective by the way, which was not actually achieved—see sub-paragraph (2) below]. Thus no good reason for the exemption of instruments of pawn or pledge, above small sums, is on record. The Committee in paragraph 298 propose the retention of the exemption for small amounts, and here also suggest the abolition of the distinction between attested and unattested documents. In connection with this suggestion, the proposal of the Government of India in 1897 to impose a duty of 1 or 2 annas might be revived as applicable without distinction between attested and unattested instruments.

(2) *Hypothecation Of moveables.*—Despite the remark quoted above from the 1904 Statement of Objects and Reasons, it appears to have been held in 1905 that an instrument evidencing an agreement relating to the hypothecation of moveables was still a mortgage-deed (No. 40 of Schedule I) and therefore was deprived of the benefits of No. 6 of the Schedule, which were (1) when

attested, lower rates than those for mortgage-deeds (on Rs. 1,000 *e.g.*, duty varying from Rs. 1-11-0 to 9 annas against Re. 5 for a mortgage-deed when possession is not given) and (2) when unattested, complete exemption. The first of these benefits was given (without distinction between attested and unattested instruments) to agreements relating to the hypothecation of moveables by Notification No. 5614-Exc., dated 6th October 1905, while the second benefit was given to unattested instruments of the kind by Notification No. 387-F. of 14th February 1918. These Notifications of the Government of India, not being susceptible of modification by local legislation, remain in force, even in Bengal, Assam and the United Provinces where unattested instruments of pawn or pledge are not exempt (sub-paragraph 1 above). The position in these three provinces is thus clearly anomalous. The concessions in favour of the instruments in question were made so as to conform to the exemption of unattested instruments of pawn or pledge and the lower duty charged on such instruments when attested under No. 6 in Schedule I and the decision regarding the maintenance modification or cancellation of the notification of 1918 must apparently follow automatically upon the decision reached regarding the statutory exemption of unattested instruments of pawn or pledge. In paragraph 298 the Committee recommended that these instruments, if for small amounts, should be exempted, like instruments of pawn or pledge for small amounts, whether attested or not. It may be added that the Associated Exchange Banks of Bombay have recently expressed their agreement with the letter from the Imperial Bank of India quoted above.

8. *Paragraph 304—Blank Transfers etc.*—This has been the subject of much discussion in the past and the local Governments will doubtless be able to refer to a copy of the note which was pre-

pared in the Central Board of Revenue for the Conference of Finance Members in November 1924. The proceedings of the Legislative Assembly show that questions on the subject, embodying certain suggestions, were asked by Sir Darcy Lindsay during the Delhi Session of 1926.

8. *Paragraph* 311—*The penalty of incurable inadmissibility in the case of Bills of Exchange, Promissory notes and certain instruments chargeable with the duty of one anna or half an anna.*—Certain instruments which used to fall under the ban of this disability because they were stamped with one anna stamps are now liable to a higher duty, so that it is possible to validate them under Section 35 of the Indian Stamp Act, and it may be possible to ascertain whether in practice this has led to any abuse. The instruments in question are No. 36, No. 37 and (in Bombay, Madras, Bengal, the Punjab and Assam) No. 41 of Schedule I.

Copy of letter from the Managing Governors, Imperial Bank of India to the Hon'ble Mr. S. R. Das, Law Member, Legislative Department, Delhi, No. 5917, Dated the 13th November 1925.

We have the honour to address you in the matter of the Stamp duty payable on instruments of pawn or pledge of moveable property and agreement relating to the hypothecation of moveables, in so far as it is effected by the provisions of the various Provincial Stamp Amendment Acts.

2. As you are aware the rates of stamp duty payable on documents have been recently in nearly all cases considerably increased in Bengal by the Bengal Stamp (Amendment) Act III of 1922 and also in other Provinces by similar amending Acts.

3. From 1899 to 1922 there was a uniform rate of duties throughout all India as laid down by Schedule I of the Indian Stamp Act II of 1899 subject to a few amendments made to it by certian subsequent amending Acts.

4. The Provincial Amending Acts of 1922 and 1923 have considerably increased these rates and, while the necessity for increased rates of stamp duty is regretted, it is not possible to take exception to these increased rates except in the case of two types of commercial transactions. The transactions referred to are the securing of loans by pledge or by hypothecation of goods.

5, As is well known nearly all commercial enterprises in India are very largely financed by means of either fixed loans or overdrafts on running accounts usually granted by the Banks or large commercial houses. These loans or overdrafts are very largely made against the pledge or the hypothecation of the present and or future goods of the Borrower to the Lender ; the difference between the two transactions being that in the case of a pledge the Borrower puts the lender in possession either actual or constructive of the goods, while in the case of an hypothecation the Borrower retains possession and control over the goods, merely giving to the Lender a charge which the Lender can enforce by taking the appropriate steps.

6. A short account of the history of the stamps duty on these two transactions may not be out of place as showing the grounds for the present objection to the increased duties imposed by the Bengal and other Amendment Acts.

7. *Pledge.*—Under the Stamp Act of 1899 the duty on an instrument evidencing an agreement relating to the pawn or pledge of moveable property, where such a pawn or pledge has been made by way of security for the repayment of money, was laid down by Article 6 of Schedule 1 of that Act, the rate being Re. 9 per Rs. 10,000 where the loan was repayable on demand or more than 3 months hence and Rs. 4-8-0 where the loan was repayable not later than 3 months hence. This was the rate where the instrument was attested. If however the instrument was unattested, the Exemption of Article 6 contained in the aforesaid Schedule exempted such instrument from any stamp duty at all. The Bengal Amendment Act of 1922 in addition to increasing the duty on attested instruments from Rs. 9 and Rs. 4-8 0 per Rs. 10,000 respectively to Rs. 13-8-0 and Rs. 6-12 0 per Rs. 10,000 respectively has also abolished the Exemption, with the result that

all instruments evidencing an agreement relating to a pawn or pledge of moveables have now to be stamped with the full duty of Rs. 13-8-0 or Rs. 6-12-0 per Rs. 10,000 according to the length of the loan. In Madras, the Punjab and Assam also the rates of duty have been increased. In Bengal and Assam the exemption from duty in the case of unattested documents has been abolished in the United Provinces Amendment Act was in force, though in Madras and the Punjab the amending Acts, while raising the rates of duty, still preserve the exemption from duty in favour of unattested documents. The Bombay Amending Act of 1922 and the Central Provinces Amending Act of 1923 leave untouched these instruments.

8. *Hypothecation of moveables.*—Prior to 1904 an instrument evidencing an agreement relating to the hypothecation of moveables had been treated as of the same nature of one relating to a pawn or pledge. But as the result of the High Court decision in the matter of Ko Shway Aung *Vs.* Strang Steel & Co., I. L. R. 21, Cal. 241, and the views expressed by the Select Committee in their report on the bill the Amending Act of 1904 restricted Article 6 to cases of actual pawn or pledge (*i.e.*, where possession of the goods was given) leaving an instrument of hypothecation outside the scope of that Article and consequently liable to the higher duty of Rs. 50 per Rs. 10,000 fixed by Article 40 of Schedule 1 on mortgages.

9. The burden thus imposed on commerce was realised by Government with the result that on 6th October 1905 a Notification was issued (re-issued) as No. 3616-Exc. of 16th July 1909 (item 80) reducing the duty charged on instrument of hypothecation to that charged on Bills of Exchange under Article 12 of Schedule I of the Stamp Act, 1899, *i e*, that the rate of Rs. 9 or Rs. 4 8-0 per Rs. 10,000 respectively according as the loan was repayable on demand or more than 3 months hence or repayable in less than 3 months. A further reduction was made by the Notification issued on 14th February 1918 (No. 387-F.) which exempted altogether from any duty instruments of hypothecation if unattested.

10. Thus once again instruments of pawn or pledge and of hypothe-

cation were stampable alike, viz., Rs. 9 or Rs. 4 8·0 per Rs. 10,000 if attested, no stamp duty if unattested.

11. The various local Amending Acts do not alter the rates of duty laid down by the Act of 1899 for Bills of Exchange under Article 13 of Schedule I, of Act 1899 and consequently as by virtue of the aforesaid notifications instruments of hypothecation were stampable, if at all, under Article 13, it is claimed that the local Amending Acts have not affected the duty chargeable on instruments of hypothecation. This is the view taken by the Stamping Authorities in Calcutta at the present time.

12. Unfortunately the wording of Section 4 of the Bengal Stamp (Amendment) Act, 1922, and several of the other local Amendment Acts is such that it admits the possibility of a contrary view being taken by future stamping authorities or by the High Court, if the matter came before it, on the arguments that the Amending Acts, so far as Bengal is concerned, has overriden the aforesaid Notification

13. In the past a very considerable number of these transactions of pledges and hypothecations have been put through on unattested instruments with a view to avoiding the heavy expense to Borrowers that would be caused by using attested instruments attracting duty at the rate of Rs. 9 per Rs. 10,000 and the desirability of avoiding this expense was clearly realised by Government as is shown by the express exemption to Article 6 in Schedule I of the Stamp Act, 1899, and the Notification of 1918. The Local Amending Acts or several of them certainly so far as instruments relating to pledges and possibly also so far as instruments of hypothecation are concerned are a recission intentional or otherwise on the part of the Local Governments from the view formerly held by the Imperial Government.

14. We view with apprehension the effect on the free circulation of money and the expansion of trade that is likely to be caused by the imposition of these duties on such daily transactions as the advancing of large sums of money to the commercial community of Calcutta and other trade centres on the security of the pledge or the hypothecation

of the goods of the Borrower and cannot help feeling that the full effect of the abolition of the exemption in favour of unattested instruments relating to pledges, previously contained in Article 6 of Schedule I to the Act of 1899, was not fully realised by the Local Government concerned at the time the amending Acts were passed: we gather some hope for this view from the fact that under the Local Amending Acts (except in the case of Bombay and the Central Provinces) all pawn-brokers' and money lenders' tickets will have to be stamped with *ad valorem* duty under Article 6 to Schedule 1-A. That so drastic an innovation was intended to be effected in this manner we do not think likely nor do we think that this innovation has been realised by the persons employed in such business.

15. There is a proposal on foot for the leading Banks in Calcutta and the Bengal Chamber of Commerce to join in a Memorial to Government to restore instruments relative to pledges and hypothecations of moveable property respectively to the position with regard to the stamp duties payable thereon in which they were prior to the passing of the Provincial Stamp Amendment Acts but we feel that if the full effect of these Amendment Acts was not, in fact realised at the time they were passed, Government may, on the facts as set out in this letter, be prepared to take the necessary legal steps to restore the position as regards the stamp duty payable on these documents, with retrospective effect to the dates on which the various Provincial Amendment Stamp Acts came into force.

16. We shall be glad to learn, in due course, what the views of Government are in this matter.

Government of India, Department of Finance and Commerce, Notification No. 1381 dated 8th June 1883.

No. 1381.—In exercise of the power conferred by section 8 of the Indian Stamp Act, 1879, the Governor General in Council directs that the stamp duty payable on an Instrument of Partition of land held on settlement for a period not exceeding 30 years and paying

the full assesment to Government, shall not exceed the amount payable on a valuation of the land at five times the annual revenue.

Government of India, Finance and Commerce Department, Notification No. 5136 dated 27th October 1890.

No. 5136.—In exercise of the powers conferred by section 8 of the Indian Stamp Act, I of 1871, the Governor General in Council remits the duty chargeable under the said Act on any instrument evidencing an ordinary pawn transaction where money is borrowed on the pledge of moveable property and the sum borrowed does not exceed twenty rupees.

Government of India, Finance Department, Notification No. 5614-Exc. dated 6th October 1905.

In exercise of the power conferred by section 9, clause (a), of the Indian Stamp Act 1899 (II of 1899), the Governor General in Council is pleased to direct that the duty, chargeable under Article No. 49 of Schedule I to the said Act, on an instrument evidencing an agreement relating to the hypothecation of moveable property where such hypothecation has been made by way of security for the repayment of money advanced or to be advanced by way of loan, or of an existing or future debt, shall be reduced.

(a) If such loan or debt is repayable on demand or more than three months from the date of the instrument, to the duty payable under Article No. 13 (b) of the said schedule on a Bill of Exchange for the amount secured;

(b) If such loan or debt is repayable not more than three months from the date of the instrument, to half the duty payable under Article No. 13 (b) of the said schedule on a Bill of Exchange for the amount secured.

Government of India, Finance Department, Notification No. 387-F. dated 14th February 1918.

No. 387-F.—In exercise of the powers conferred by section 9, clause (a), of the Indian Stamp Act, 1899 (II of 1899), the Governor General in council is pleased to remit the duty chargeable under Article 40 of Schedule I to the said Act on an unattested instrument evidencing an agreement relating to the hypothecation of moveable property, where such hypothecation has been made by way of security for the repayment of money advanced or to be advanced by way of loan, or of an existing or future debt.

Duties under the Stamp Act.

277. Stamp duties do not themselves constitute a separate tax, but are a method of collecting taxes of different kinds. Almost any tax can be collected through them, and many taxes which have no sort of connection with one another are so collected. The term 'stamp duties' is, however, commonly used to denote, not all the taxes which are collected by means of stamps, but the duties on deeds and other instruments which are imposed under the stamp law.

Stamp duties are only a method of collecting taxes.

278. The System of levying duties on documents relating to transfers of property and commercial and other transactions is theoretically not one of the best methods of taxation, and has been criticised by many economists as unsound and subserving no principle. As regards stamp duties on transfers of property, Adam Smith thought that they were "all more or less unthrifty taxes"* "Such taxes, even when they are proportioned to the value of the property transferred, are still unequal; the frequency of transference not being always equal in property of equal value; when they are not so proportioned, they are still more unequal."* He thought that taxes on the sale of land always fell upon the seller, who was obliged to

The economists generally condemn this method of taxation.

* Wealth of Nations, Vol. II page 458.

sell it for reasons of convenience or necessity and that they were therefore 'cruel and oppressive.' Bentham was of opinion that sales of property were commonly brought about by want, and that "in intervening at this distressful season, the exchequer bases an extraordinary tax upon personal misfortune. z Mill also supported the objection that the tax almost always fell "on a necessitous person in the crisis of his necessities"x, and further condemned all taxes which threw obstacles in the way of the sale of land or other instrument of production as tending to prevent the property passing into the hands of those that could make the best use of it and "assuming those modes of aggregation and division which were most conducive to its productiveness." Taxes on commercial instruments are, so far as they go, a check on development, while taxes on insurances have been described as a direct discouragement to prudence and forethought. Hobson in his "Taxation in the New State" regards stamp duties generally as a restraint on trade or other forms of presumable personal and social utility. v

But much use has been made of it by practical financiers.

279. In spite of the fact that stamp duties have been treated as anomalous taxation, they are popular with practical financiers for various reasons: (1) they have the force of long custom; (2) they are very convenient to collect and to supervise, and to a great extent they collect themselves; they are easy of operation; (3) their burden is not felt at the time of payment because they are generally collected in the process of the circulation or distribution of property; (4) they afford facilities for proportioning taxation to value; by grading the prices of the necessary stamps the tax on any act or transfer can be adjusted to the amount dealt with. Stamp duties are therefore in general use in many countries.

In India much reliance has been placed upon it.

280. In India stamp duties have for more than half a century contributed a very considerable proportion of the revenue. On the 11th December 1863 Mr. Cockerell, while stating that the scale which he then proposed to introduce had

z Theory of Legislation, Principles of the Civil Code Chapter XV.

x Principles of Economics, Book V, Chapter V, v Page 125.

been framed as nearly as possible on the model of the English system, added: "The Indian rates are doubtless much higher than the rates prevailing in England, but then it must be recollected that the mass of transactions in this country involve much smaller amounts than general transactions in England and that the reduction of the Indian to the standard of English rates might result in a very serious sacrifice of revenue, which the State couldn ot afford to bear."* Fortytwo years later, Lord Meston said in the Imperial Legislative Council: "The stamp duties were certainly higher in India than in England and all that we have done was to try and bring the rates into harmony with the general scale."z At the present time the percentage born by the duties received from non-judicial stamps to the total tax revenue of the country is 9. 4 as against 4. 2, the corresponding percentage in the United Kingdom.

Even from the revenue point of view, it has its limitation.

281. One important limit to their levy lies in the fact that beyond a certain stage their productivenesss begins to diminish. An excessive enhancement of the rates may impede transfers of property and cause a diminution of business generally, or it may lead to an evasion of the duties or a neglect of the requiste formalities of stamping. For instance, if the stamp duty on a receipt is too high, the payer relies on the credit of the payee. If the stamp duty on cheques is increased, people resort to other methods of transmitting money. Excessive stamp duties thus not only retard business, but defeat object by tempting persons who have to pay them to resort to evasion, both legal and illegal.

The principal guides to the rates.

282. The principal guides to the rates of stamp duty therefore are:—

* Proceedings of the Council of the Governor-General, 1868, page 5.

z Proceedings of the Council of the Governor-General published in Part VI of the Gazette of India dated 19th March 1910, page 161.

(1) The point at which the value of the convenience or utility attaching to the use of a particular kind of document or to the resort to a particular kind of transaction approaches the amount of the stamp duty involved.

(2) The point of diminishing returns, or, in other words, what the traffic will bear.

(3) The point at which hardship on any class of the community is involved.

283. The Indian Stamp Law is to a large extent modelled, so far as rates of duty are concerned, on the British Stamp Act of 1891. On the whole it fulfils its purpose satisfactorily, and the Committee do not propose to recommend any drastic changes.

The general basis of the law.

As in England, the rates are in some cases *ad valorem* and in others fixed. Broadly, the bulk of the documents to which the *ad valorem* rates apply may be classed under three main heads:—

(a) Conveyances and other transfers of property.

(b) Bonds, mortgages, debentures and allied documents.

(c) Bills of exchange and promissory notes (payable otherwise than on demand).

284. Conveyances and gifts of property are under the Imperial Act, chargeable with a duty of 1 per cent on the amount of the consideration or the value of the property. Bonds are liable to 5 per cent on the amount secured and bills of exchange to ·09 percent on the amount of the bill.*

Some cases in which reduction is desireable.

The corresponding rates in England and the United States of America are:—

---

* Throughout this chapter, wherever Indian rates of duty are mentioned, those quoted are the rates contained in the Indian Stamp Act, 1899, before amendment by provincial legislatures

	England percent.	United States, percent.
Transfers ...	1·0	·10
Bonds ...	·125	·05
Bills of exchange	·05	·02

The duty on bills in India is, therefore, nearly double that in England and nearly 5 times that in the United States, and that on bonds 4 times that in England and no less than 10 times that in the United States. Moreover, the disparity in the case of bonds has been accentuated by the fact that in some cases provincial legislatures have increased the rates of duty by 25 to 50 percent.

Bonds and mortgages.

The High rate of duty on bonds in India is believed to have the effect of encouraging the use of promissory notes, even in cases where bonds would be more appropriate instruments for carrying out the transactions. It is desirable that the duty on documents of indebtedness, such as bonds and mortgage deeds, be reduced as soon as circumstances permit.

The distinction between cases in which possession is given and those in which it is not.

285. A distinction is made in the Indian Stamp Act between a mortgage deed where possession is not given or agreed to be given and a mortgage deed where possession is not given or agreed to be given. A similar distinction exists in the case of an instrument of further charge. The Committee see no sufficient reason for this distinction and they recommend that in all these cases the lower rate of duty should apply whether possession is given or not.

Reconveyances.

286. Reconveyances of mortgaged property pay duty at the rate of 1 per cent on the consideration, subject to a maximum of Rs. 10. In England, the rate of duty chargeable upon a reconveyance is only sixpence for every £. 100, and in effect, a reconveyance of mortgaged property is a mere incident of the discharge of the mortgage debt. The rate charged on such reconveyances in India should, in the opinion of the Committee

be reduced and the maximum removed; a suitable rate would be 2 annas per Rs. 100 of the mortgage debt.

Deeds of Cancellation.

287. Deeds of cancellation at present pay a fixed duty of Rs. 5. It seems desirable to fix in respect of them the same duty as is payable on the instrument sought to be cancelled, subject to a maximum of Rs. 5.

Transfers of interest.

288. Under article 62 of the schedule, a deed transferring an interest secured by a bond, mortgage deed or policy of insurance is required to pay the duty chargeable on the bond, mortgage deed or policy of insurance subject to a maximum of Rs. 5, even though the rights transferred may be of less value than those originally secured. Again, if the interest secured by more than one instrument is transfesred by means of a single instrument, the transfer deed is required to bear a stamp of a value equal to the sum of the duties with which such instruments are chargeable and not of a value equal to the duty on the aggregate amount secured. Provision for reduction appears to be desirable in both these cases.

Deeds of adoption.

289. At present all deeds of adoption pay the same fixed duty of Rs. 10 irrespective of the value of the property to which the adoption may give a right. Where the property involved is of a value not exceeding Rs. 2,000, this duty might be reduced to Rs. 5. Again deeds of authority to adopt pay the same duty as deeds of adoption, though an authority to adopt may never be followed by an actual adoption. In this case also, the duty might be reduced.

Dr. Paranjpye is not a party to the first of these recommendations. On the other hand, he regards transactions by way of adoption as not being taxed sufficiently. In his opinion an adoption among Hindus, though it has a religious bearing, is almost invariably an act creating new rights to property. Thus, in a Mitakshara family the adopted son gets an immediately exercisable right to half the ancestral property of his adoptive father. The act is therefore of the nature of a conveyance and should be taxed at a rate similar to, but

somewhat lower than, the latter. From the point of view of theory, an adopted son comes by a windfall either actually or potentially and the transaction is therefore a fit subject for taxation.

290. The Committee have indicated certain instruments on which the duty might with advantage be reduced. They now proceed to deal with cases in which a higher duty may appropriately be charged.

Cases in which an increase may appropriately be made.

A settlement is liable to a duty of one-half per cent on the value of the property settled. A gift is liable to one per cent on the value of the property transferred. The distinction between the two is small, and in many cases, having regard to the definition of a settlement in the Indian Stamp Act, it would not be difficult to draft a deed of gift in a form which would render it liable to the duty on a settlement. Moreover, should a death duty be imposed in India or the present probate duty be extended, a settlement as defined would be as effective a method of defeating the claims of the revenue as a gift. Taking everything into consideration, there seems to be no reason why the duty on a settlement should not be the same as the duty on a gift, namely, one per cent.

Settlements.

291. The duty on a release is the same as that on a bond, subject to a maximum of Rs. 8. This is appropriate to the case intended by the Act, as where a benamidar executes a document disclaiming any interest in property standing in his name. But there are other cases in which documents which fall within the definition of a release really operate to convey property by way of gift or sale. In such cases, the duty at the bond rate subject to a maximum of Rs. 5, seems inappropriate, and it would be more appropriate to make them chargeable at the conveyance rate of one per cent of the value of the property conveyed.

Releases.

292. Proviso (2) (b) to article 45 enacts that, in the case of deeds of partition where land is held on revenue settlement for a period not exceeding thirty years and paying the full assessment, the value for purpose of duty shall be calculated at not more than five times the annual

The valuation of land under deeds of partition.

revenue. In documents relating to conveyances on sale or gifts, lands are valued according to the consideration for the sale or the value of the property given and not according to a multiple of the assessment. As the parties to a partition deed contract with each other on the basis of the actual value of the properties divided, and not according to a multiple of the assessment, the Committee would recommend that the proviso should be repealed.

Instruments of partnerships

293. The duty payable on an instrument of partnership is Rs. 2½ where the capital of the partnership does not exceed Rs. 500, and Rs 10 in any other case.

If the suggestion made below for the levy of a duty on the nominal capital of limited companies is adopted, these rates might be abolished and an *ad valorem* scale applied to the capital of the partnership; an appropriate rate would be 4 annas per Rs. 100.

Articles of Association of companies.

294. In India, on the registration of limited companies, fixed duties of Rs. 25 and Rs. 15 are charged on the Articles of Association and Memoranda of Association, respectively. But no duty is charged in respect of the amount of the Capital (nominal or actual) of the company. In England also, these documents pay a fixed duty of 10s; but in addition, under section 113 of the Stamp Act, 1891, as amended by section *1* of the Finance Act of 1899 and section 39 of the Finance Act of 1920, there is levied a stamp duty on the nominal share capital of a company with limited liability at the rate of one percent at the time of registration, and a like duty on any increase of capital of such a company, and the filing of a statement of such initial capital or of any subsequent increase is compulsory. In view of the benefits which accrue to a company registered with limited liability, the Committee consider that the nominal share capital of such companies is an appropriate subject for the levy of an *ad valorem* duty. A suitable rate would be 8 annas per Rs. 100, and in the event of this suggestion being adopted, the fixed duties on Articles and Memoranda of Association might be reduced to Rs. 10.

General considerations.

295. It is now proposed to examine certain aspects of the stamp duties of a more general character.

296. In charging duties on *ad valorem* scales, it is usual, in order to avoid the trouble and inconvenience of providing separate stamps for every amount, to separate the points at which the duty increases by intervals more or less wide. It is, however, desirable that in ordinary cases the intervals of ascent should not be too wide; otherwise there is a danger that transactions may be split up and effected by more than one document. Further, a charge which is suitable for the highest point in a stage may be too heavy for the lowest point. For these reasons it is desirable that, in the case both of conveyances and of bonds, where the amount involved exceeds Rs. 1,000 and does not exceed Rs. 5,000, the intervals in the scale should be Rs. 200 only and not Rs. 500.

The steps in the scale should not be too large.

297. Under the existing law, the duty payable if a document is attested is in some cases different from that payable if it is unattested. For instance, section 2 (5) of the Act defines a bond as including, inter alia, any instrument attested by a witness and not payable to order or bearer, whereby a person obliges himself to pay money to another. Again article 6 of schedule I exempts an instrument of pawn or pledge of goods, if unattested, from the duty chargeable on an agreement relating to a pawn or pledge. Similarly, by a notification of the Government of India, Finance Department (Separate Revenue Stamps), dated the 14th February 1918, No. 387-E, the Governor-General in Council has remitted the duty chargeable under article 40 of schedule 1 on an unattested instrument evidencing an agreement relating to hypothecation of moveable property. Again article 17 of schedule 1 prescribes the stamp duty on an instrument of cancellation, if attested and not otherwise provided for. The purposes of attestation is to furnish evidence of execution, and its presence or absence does not alter the character of an instrument. There seems, therefore, to be no reason why there should be a distinction made for the purpose of stamp duty according as an instrument does or does not bear on its face evidence of its having been executed. Further questions have arisen as to what is meant by attestation,

The distinction for purposes of duty between documents that are attested and those that are not.

Where the actual writer of a document signed it, the Madras High Court held that it had been attested, while the High Courts of Bombay, Calcutta and Allahabad have held in similar cases that the document had not been attestad. The Committee recommended that documents which are now exempt or liable to a lower duty, if unattested, should be placed on the same footing as similar documents which are attested.

Pawns and hypothecation.

298. An exception might be made and exemption granted in the case of pawns and hypothecations of moveable property for small amounts, whether attested or not.

It should not be optional to the parties to fix values for purposes of duty.

299. It is highly desirable that, where possible, the duty payable upon an instrument should depend upon facts which will normally appear in the instrument itself, in order that it may be evident from a perusal of the document whether it is *prima facie* properly stamped or not. The duty should, however, depend upon the actual facts and not upon the facts stated in the document, if such facts are incorrect. In articles 45 and 62, which relate to partition deeds and transfers of shares, respectively, the expression 'value of the share' is used with the the words 'as set forth in the instrument'. Other articles of the schedule, however, e. g., conveyance (23), exchange (31), reconveyance of mortgaged property (54), release (55), settlement (58) and trust (64), require payment of the stamp duty at rates calculated on amounts or values 'as set forth in the instrument'. The result of this latter provision is that an instrument in which an insufficient consideration or an insufficient value has been inserted is nevertheless duly stamped, if stamped by reference to the consideration or value so inserted. It is true that section 27 requires the consideration, if any, and all other facts and circumstances affecting the chargeability of the instrument or the amount of the duties chargeable, to be fully and truly set forth in the instrument, and that section 64 imposes a heavy penalty in cases of failure to do so. But where these provisions have been infringed, a document is nevertheless duly stamped, if

stamped by reference to an insufficient value or consideration inserted in the instrumens, The Committee would recommend that the words 'as set forth in the instrument' should be omited in the Indian Stamp Act wherever they occur. It may be objected that, in the absence of such words, the subordinate officers of Government before whom instruments may be produced, would embark on vexatious enquiries as to the correctness of the value or consideration recited. But such objection can be met by expressly providing that the consideration recited in the instrument shall be presumed to be correct until evidence to the contrary is forthcoming.

The requirement that new categories of documents should be reduced to writing.

300. The Civil Justice Committee have recommended that several classes of document which are not at present necessarily reduced to writing should hereafter be required to be so reduced *, and a member of the Committee who gave evidence added the suggestion that a distinction should be made between documents which are now required to be reduced to writing and documents which may hereafter be required to be reduced to writing. While the Committee agree that an expansion of the yield of stamp duty entailed by considerable extention of the classes of documents which are required to be reduced to writing would justify and facilitate a general reduction of rates, they are not prepared to recommend specific reductions in favour of particular documents that may be affected by legislation undertaken as the outcome of the report of the Civil Justice Committee. In their opinion, these documents should be dealt with on the same principles as applied to other documents of a similar nature.

Some miscellaneous suggestions for revision of the Act.

301. It is now proposed to draw attention to certain minor points arising out of the schedule to the Act in regard to which it is desirable that legislation should be undertaken when a suitable opportunity arises.

(a) In the case of various instruments, in order to enable the parties concerned to distinguish between documents which

* Civil Justice Committee's Report, pages 457 and 459.

are generally similar, but have particular distinguishing characteristics, illustrations should be added to the definitions in which these characteristics should be brought out. Examples of the documents in question are (1) a bond, agreement and a promissory note; (2) a receipt and an acknowledgment; (3) a release, a discharge and a reconveyance of mortgaged property.

(*b*) The confliction of decisions as to the cases to which article 15 of schedule I of the Stamp Act and article 6 of schedule II of the Court-fees Act respectively apply, should be set at rest.

(*c*) A deed of partition should be so defined as to include a list of shares drawn up at a division of property among co-owners and signed by the parties.

Stock and Produce Transactions.

Stock Exchange transactions the documents involved.

302. The purchase and sale of stocks and shares and other marketable securities are usually effected through a broker on the stock exchange, and where this is the case, two documents ordinarily come into being.

(1) a contract note, which is defined as a note or memorandum sent by a broker or agent intimating the purchase or sale on account of a principal of stock or marketable security, and

(2) a conveyance or transfer of the stock or marketable security.

The contract note.

303. The first of these documents is chargeable under article 43 of the first schedule of the Indian Stamp Act with a duty of one anna for every Rs. 10,000 or part thereof of the value of the stock or security, and the second is chargeable under article 62 of the schedule with one-half the duty on a conveyance for a consideration equal to the value of the marketable security as the case may be.

Duties of a similar nature are chargeable in England both on contract notes and transfers, but as regards contract notes there are two important differences in the law of the two countries.

In England the term 'contract note' includes a note sent by any person who by way of business deals, or holds himself out as dealing, as a principal in any stock or marketable securities, advising the principal or the vendor or purchaser, as the case may be, of the sale or purchase of any stock or marketable security. Secondly, the issue of contract note is made compulsory and failure to issue such a note is punishable with a fine of £. 20, coupled with a disability to recover brokerage.

In India a note sent by a principal to a principal does not fall within article 43, and the issue of a contract note is not compulsory.

It is understood that in the stock exchanges in India no distinction exists between a broker and a dealer or jobber such as exists in England, and that so-called broker in India on receiving an order from a client may and frequently does buy or sell the stock on his own account. He in fact acts as a principal, and the note sent by him to his client does not fall within the charge of duty. This combined with the fact that the issue of a contract note is not compulsory must lead to a considerable amount of evasion, and it would be desirable in these two respects to assimilate the Indian law to the English.

The transfer.

304. Turning now to the question of the later document by which the stock or marketable security is actually transferred, it is to be observed that the duty is very largely evaded by the system of transferring stocks and marketable securities by blank transfer deeds, *i.e.*, by transfer deeds in which the name of the transferee is left blank and is only inserted, and the execution of the deed completed when, after a number, and possibly a large number, of subsequent sales it falls into the hands of a transferee who desires to have the stock actually registered in his name. So common is this practice that, in the words of the Bombay Stock Exchange Enquiry Committee, "shares with blank transfers are

hawked for sale round the bazar."* The question of putting a stop to it has been many times considered without a satisfactory method being discovered, and in fact Act VI of 1910 witnessed the adoption of a counsel of despair inasmuch as the duty on transfers was raised in order partly to compensate for the loss of duty entailed by the practice of using blank transfers. In England there do occur intermediate transactions which do not result in an actual transfer of shares, but, subject to certain exceptions, they cannot be continued for more than a brief period owing to the practice of periodical settlements at which transfers must be effected, and under the rules of the Stock Exchange a blank transfer is bad delivery.

Suggestions for reform.

305. The obstacles to reform in India may be said to be three: in the first place, the organization of the Stock Exchanges, especially that of Bombay, and particularly the facts that settlements do not necessarily result in the delivery of transfers, nor is a blank transfer bad delivery; in the second place, the reluctance of the Government to impose regulations upon the members of a voluntary association which would not be applicable to persons operating outside; and in the third place, the fact that the only general means of action so far suggested, namely, the making of blank transfers void, would be more drastic than the situation warrants and apt to injure the innocent purchaser.

In these circumstances, the only true path to reform appears to lie in co-operation with the authorities of the Stock Exchanges. The Securities Contracts Control Bill recently accepted by the Bombay Legislative Council enables a recognised stock exchange, subject to the sanction of the Local Government, to make rules providing *inter alia* for the making, settling and closing of bargains and the regulation of all dealings by members for their own account. If this is followed by a charter, it may be possible for the Government to obtain the assistance of the Stock Exchange authorities in the collection of the Government revenue. This assistance would include in the first place the framing of a rule that a blank transfer is bad delivery. In addition to that, some such machinery as the following in relation to the collection of duties might be instituted.

* Report of the Bombay Stock Exchange Enquiry Committee, page 12.

It might be provided that the contract note should be in a prescribed form printed by the Government in foil and counterfoil with a minimum stamp embossed thereon and a space left for the addition of further adhesive stamps, which should be of a special nature. Arrangements might be made, where they do not already exist, for the sale on the Stock Exchange premises of forms of contract notes and transfer deeds and Stock Exchange stamps and for the embossing of stamps on transfers. It might be provided that there should be filed with the Secretary of the Exchange a copy of each of the contract notes. These notes should be sorted according to the securities to which they related and cleared periodically after settlements or on the expiry of a fixed period by a production of a transfer deed. If and when these arrangements are carried out, the question of reducing the duty on transfers should be taken up.

Pending satisfactory arrangements the duty on the contract notes may be increased.

306. In the absence of any such arrangement with the authorities of the Stock Exchanges, the most promising method of levying a toll on the stock exchange transactions seems to be through the medium of the contract notes. To this end, it is recommended that contract notes should be made compulsory and that the duty thereon, which is now at the rate of one anna for every Rs. 10,000, subject to a maximum of Rs. 10, should be raised to 4 annas for every Rs. 10,000, subject to a maximum of Rs. 40.

The case of shares deposited as security.

337. A further difficulty that has been raised is as regards deposits of shares as security for loans. In India, the common way of giving such security is by depositing shares or marketable securities accompanied by an agreement such as is contemplated by section 23-A of the Indian Stamp Act, 1899. There is reason to believe that this course is pursued owing to the heavy duty which would be exigible if an actual transfer of the securities were executed. The duty on such a transfer would be that payable under article 62 of schedule I of the Stamp Act. In England, the duty on such a transfer is a fixed duty of 10 shillings, and it would be advantageous if in India also the duty were made subject to a maximum of Rs. 10.

The produce exchanges.

308. The case of the produce exchanges is in some respects analogous to that of the Stock Exchanges in the matter both of the nature of the transactions and the documents that pass and of the necessity for regulation for reasons other than those of revenue. In these exchanges business is conducted in the purchase and sale of produce, both for present and for future delivery. As a rule no contract being entered in the books of the dealers; delivery is effected by means of a delivery order which is liable to a duty of one anna under article 28. In addition to the legitimate business there is a large amount of gambling in futures, for the taxation of which sundry proposals have been made, including one by the Bombay Excise Committee. The only action which it has so far been found possible to take has been the enactment of the Bombay Cotton Contracts Act of 1922, under which a charter has been given to the East India Cotton Association. In Calcutta a private member of the Legislative Council has recently introduced a Bill providing for action on similar lines to distinguish between legitimate and gambling business in produce in that city.

Proposed taxation of futures.

309. The Committee have examined the proposals made for the taxation of futures, and it seems to them that it would be not only practically impossible, but on other grounds undesireable, to recognise these gambling transactions and to attempt to secure a revenue from them. The better solution appears to be to continue action on the lines already initiated for repressing gambling transactions and giving statutory recognition to associations which undertake the control of the legitimate business. If and when action on these lines has been taken, the question of the issue of a contract note for each transaction and imposing a moderate stamp duty thereon might be considered.

Penalties.

General.

310. In India, subject to certain exceptions which will be referred to later, an unstamped or unsufficiently stamped instrument may be validated on payment of duty or the deficient duty, as the case may be, and a penalty of Rs. 5, or ten times the duty or deficient duty, whichever is greater.

In England the corresponding penalty is £. 10, and, where the unpaid duty exceeds £. 10, an additional penalty of interest at the rate of 5 per cent on such duty from the day upon which the instrument was first executed up to the time when the amount of interest is equal to unpaid duty.

In both countries a discretion is given to the Revenue authorities to remit the whole or any part of the maximum penalty exigible.

In India every person having, by law or consent of parties, authority to receive evidence, and every person in charge of a public office, except an officer of police is bound to impound any instrument not duly stamped which comes before him in the performance of his functions. The amount of the unpaid duty and the penalty then becomes a debt which may be recovered in the same way as arrears of land revenue. In England there is no such provision.

Both in India and England it is provided that an instrument shall not be admitted in evidence or acted on unless it is duly stamped, or unless the deficient duty, together with the maximum penalty, is paid into court.

It seems to the Committee that, in view of the wide powers of impounding with which the courts and public officers in India are invested, the penalties in India are unduly severe, and in certain cases tend to defeat their own end. Where an unstamped document liable to a very high duty is tendered in evidence, the penalty may amount to a prohibitive sum and may entail the abandonment of the suit. The power vested in the Revenue authorities of remitting the whole or any part of the penalty has been mentioned, but it may well be that the person tendering the document is quite unable to raise the sum required; and in any case he cannot know at the time what portion, if any, will be ultimately refunded.

Another effect of this drastic penalty is that courts are apt to be unduly lenient in admitting as evidence unstamped or insufficiently stamped document, and in many cases documents

falling under one head of charge are without sufficient scrutiny treated as falling under a different head involving a lower duty.

The Committee recommended that for the existing maximum penalty there should be substituted a penalty of twice the deficient duty *plus* Rs. 5. They also recommend that the limitation to one year of the period within which a document can be voluntarily produced to the Collector for rectification of the stamp duty under section 41 of the Stamp Act be removed.

Exclusion from evidence.

311. A disability of a different nature attaches to (a) bills of exchange and promissory notes and (b) instruments (other than bills of exchange, promissory notes and receipts) chargeable with a duty of only one anna or half an anna. In the case of these documents the Act contains, in lieu of the provision for validation on payment of a penalty, one to the effect that none of them can be admitted in evidence if they are not duly stamped. The justification for so drastic a measure is that otherwise the duty would be extensively evadad. It is possible that a measure of this nature is necessary in the case of bills of exchange and promissory notes, but it does not appear to the Committee that, in the case of other documents liable to so small a duty as one anna or half an anna, there is justification for so heavy a penalty. So far as bills of exchange and promissory notes are concerned, the Committee do not recommend any change in the law, but they think that the provision should cease to apply to the other documents at present covered by it.

* * * * * *

Maintenance of a record of revenue derived from different classes of transactions.

317. It remains to make a suggestion regarding the maintenance of a record of revenue derived from different classes of transactions for the purpose of enabling the authorities responsible to estimate from time to time the effects of the duties imposed. In the annual reports of the Commissioners of Inland Revenue in England, there are tables in which the receipts from stamps are classified in accordance with the

transactions to which they relate, and it is accordingly possible to detect marked fluctuations in the revenue derived from different classes of transactions, and to trace them to their causes. The reason for this distinction arises largely out of the difference in the method of stamping. In England, the procedure most commonly adopted is that of impressing a stamp, and the stamp is not impressed until the marking officer has determined the amount due. The record of this officer forms the bassis of the return which has been referred to. In India the stamps most commonly, used are those sold by stamp vendors. Though in some provinces a record appears to be kept of the nature of the transactions for which the stamps are sold, these records are not compiled, with the result that no information is available as to the revenue derived from different classes of transactions. It seems to be doubtful whether, with the agency at present employed, it would be possible to secure a reliable record in all cases. But inasmuch as the fixing of the appropriate rates of stamp duty is largely a matter of trial and error, it seems to the Committee to be very important that the most reliable record possible should be kept of the result of the trials made. They would therefore recommend that enquiries be made as to the possibility of securing a record of the purposes for which stamp papers are sold and of compiling it somewhat on the lines of the returns adopted in England.

No. T.-2173, dated the 3rd November, 1926.

From Chamber to the Government of Bombay Finance Department Bombay.

I am directed by the Committee of this Chamber to acknowledge receipt of your letter No. 5018 A. dated 21st September, 1926, and its accompaniments re: above and send their views on the same as follows :—

My Committee, in the first place, are gratified to learn that the Government of India have accepted the conclusion of the Taxation Inquiry Committee that there should be no drastic changes in Stamp Law. They believe that the Taxes on Transactions etc., in different Provinces are high enough and the change hereafter if any should

therefore be only in the direction of reduction as soon as Provincial finances permit. Coming to the specific proposal of the Taxation Inquiry Committee, my Committee are unable to accept their recommendation that the registration of limited companies should be subject to an ad valorem duty assessed on the nominal capital and that if this is done an ad valorem scale should be applied to instruments of partnership. They are glad to note with the Government of India that it is undesirable to impose a new tax on the registration of limited companies so long as the super tax on companies is retained, but would go further and say that such tax will be undesirable even when the Company super tax is removed because the activities of such concerns are bound to swell the incomes in various other ways.

As regards Stamp Duty on instruments of pawn or pledge of moveable property relating to the hypothecation of moveables in so far as it is affected by the provisions of the various provincial Stamp Amendment Acts, my Committee strongly support the objection of Imperial Bank of India that the withdrawal by certain Provincial Governments exemption from Stamp Duty on the instruments of pawn or pledge of moveable property and hypothecation of moveables if unattested granted as under item 6 of the Schedule I of the Indian Stamp Act, 1899, has an adverse effect on the free circulation of money and the expansion of trade. Any proposal that hampers the growth of trade and commerce and the free circulation of money in these days of acute depression should be strongly opposed.

My Committee are strongly opposed to the recommendations of the Taxation Inquiry Committee in para 304 of their report re: Blank Transfers etc., as they are calculated to retard the growth of business on the share and stock exchange.

As regards the exclusion from evidence of the Bills of Exchange and promissory Notes and instruments (Other than Bills of Exchange and Promissory Notes and receipts) if they are not duly stamped, my Committee agree with the Taxation Enquiry Committee that the penalty imposed for such an omission under Section 35 of the Stamp Act is very heavy and they think that the provision should cease to apply to the other documents at present covered by it.

With reference to your letter No. 5055A, dated 30th September, 1926, re: Rate of Stamp Duty payable on Usance Bills of Exchange my Committee reiterate their demand for the total abolition of these duties communicated in their letter No. T1839 dated the 15th September, 1926, to you on the same.

It is hoped that the Government of India will be pleased to favourably consider the views expressed in this letter.

No. 5055, A. Bombay Castle, 30th September, 1926.

From the Government of Bombay Finance Department to Chamber

In continuation of Government letter No. 5518 A. dated 21st September, 1926, I am directed by the Governor in Council to forward a copy of letter, with its accompaniment, from the Government of India Finance Department (Central Revenues) No. C.-132 Stamps-26 dated 30th August, 1926, and to request you to obtain the views of your Chamber on the letter and to communicate them to this Department.

C. No. 132 Stamps-26.

GOVERNMENT OF INDIA.

FINANCE DEPARTMENT (CENTRAL REVENUES.)

Simla, the 20th August, 1926.

From

V. S. SUNDARAM,

Under Secretary to the Government of India.

To

The Secretary to the Government of Bombay,

Revenue Department.

Sir,

Stamp duty—Rate of—Usance Bills of Exchange—Proposed reduction or abolition of.

I am directed to forward a copy of a letter from the Secretary, Indian Chamber of Commerce, Calcutta No. F. 11-26, dated the 9th August, 1926, on the subject noted above, and to request that with the permission of His Excellency the Governor in Council the point raised therein may be considered along with those raised in Mr. Tottenham's letter C. No. 103 Stamps-26, dated the 17th July, 1926, in connection with the Report of the Taxation Enquiry Committee. I am to add that the argument in paragraph 2 of the letter referred to has some similarity to the argument used in the concluding sentence of paragraph 284 of the Report of the Taxation Enquiry Committee about bonds and mortgages.

I have the honour to be,

Sir,

Your most obedient servant,

V. S. SUNDARAM,

Under Secretary to the Government of India.

Copy of letter No. F. 11-26. dated the 9th August 1926 from the Secretary, Indian Chamber of Commerce, Calcutta to the Secretary, Government of India, Finance Department (Central Revenues), Simla.

I am directed to address you in regard to the rate of Stamp Duty payable on the usance Bills of Exchange under the Indian Stamp Act, 1899.

2. Under Article 13 of the schedule I of the Stamp Act the duty on Bills of Exchange when payable otherwise than on demand ranges from 3 annas to Rs. 27 up to Rs. 30,000 and is subject to Re. 5 for additional Rs. 10,000, or part thereof in excess of Rs. 30,000. This scale of duty has always been regarded as high by the commercial public; and it therefore often happens that though some bills are drawn as payable on demand, a verbal understanding subsists between the parties as to the period for which credit or accomodation is granted. This practice is at present very wide-spread and is resorted to by all sections of the commercial public entirely with a view to take advantage of a lower rate of stamp duty payable on demand bill.

3. The effect of such a practice growing up to a large extent is serious and obvious enough. In the first place it leads to the creation of unduly large number of instruments of short-time credit and as such affects adversely expansion of credit. In the second place, under the practice the position of the debtor remains exposed to serious risks, and the creditor who normally occupies a position of advantage, gains further ground over the debtor.

4. The position described in the previous paragraph relates no doubt entirely to the internal Bills of Exchange, but the position of the drawers of the foreign bills is different. They can devise no method to escape the liability to a heavy rate of stamp duty. It would be instructive to compare in this connection the rate of duty payable on these instruments in Great Britain. The Indian rate, it appears, is approximately doubt the British rate. To take for instance in India the usance Bills for Rs. 30,000 are subject to a duty of Rs. 27 or 9/100 per cent. of the value of the instrument, whereas in

Great Britain the duty payable on a Bill of £2000 (corresponding to Rs. 30,000 at the rate of 1-4d. per rupee) is £1 only and represent a rate of duty not higher than 1/20 per cent. of the value of the instruments. The Committee of the Indian Chamber, therefore, suggest that the Government of India should consider at a very early date the question of reduction of stamp duty on the usance Bills by at least 50 per cent. of the present rate of duty.

5. While on the subject of Stamp Duty payable on Bills of Exchange the Committee of the Indian Chamber desire to invite the attention of the Government to the inconvenience which is often met with in stamping internal Bills of Exchange by an adhesive stamp. The Committee of the Indian Chamber incline to the view that if postage stamps are allowed to be affixed on Hundis, such instruments will be more widely and popularly resorted to. The Committee however recognise the difficulty which may follow from an acceptance of this proposal in regard to the allocation of stamp revenue between Postal department and Provincial Government, but, they consider that it is not altogether difficult to devise a workable scheme for the allocation of revenue between the two authorities on lines similar to those by which revenue from receipt stamps is dealt with at present. In any case in the opinion of the Committee the administrative difficulty of the nature referred to here should not outweigh the benefit which would result to the public from the proposal herein put forward.

6. While this representation had been undergoing a final preparation, the attention of the Committee was drawn to the recommendation recorded by the Royal Commission on Currency and Finance in paragraph 116 of their report that the stamp duty on Bills of Exchange should be altogether abolished. With such proposals, the Committee of the Chamber are in complete concurrence. It is not known, however, how far this will be acceptable to the Government. Should the duty be decided to be abolished, no occasion will arise for the consideration of the Committee's present proposal but they are emphatically of opinion that reduction asked for should be granted in the event the duty is allowed to continue.

Paragraph 116 of the Report of the Royal Commission on Indian Currency and Finance, Volume I.

116. It is evident that a limitation of the monetary circulation to the real needs of the country postulates contraction and expansion of the currency in accordance with those needs. In a mainly agricultural country like India those needs fluctuate widely, not merely according to the seasons of the year, but also according to the abundance or otherwise of crops and the prices they command. If that part at any rate of the notes which the Bank issues to meet the need of expansion is secured by assests of a character corresponding to this need of expansion, that is, if these assests mature and are liquidated when the increased monetary circulation is no longer needed, the process of expansion and contraction becomes almost automatic. The true commercial bill, that is a bill drawn in respect of a genuine commercial transaction has these characteristics in a pre-eminent degree. It is a self-liquidating assest in the sense that the liquidation of the commercial transaction liquidates the bill. It is for this reason that the charactera of most of the central note-issuing banks provide for their note issues to be secured partly by commercial bills. The character of the Reserve Bank of India should contain a similar provision. With a view to promote the growth of these commercial bills we recommend that the stamp duty on bills of exchange be abolished.* With the same aim, we also recommend the sale by post offices of bill form in the English language and the vernacular in parallel.

We now turn to the other assests which are to be held by the Bank to secure its note issue.

---

* It was stated in evidence that in America there was at one time a stamp duty on bills of exchange It was found to *restrict* the development of the type of paper essential to the *functioning of* a money market, to render difficult the *adjustment* of the *Federal* Reserve Bank rates and to interfere with the operation of the Reserve Bank. This duty was the first to be abandoned when at the end of the recent war America undertook the reduction of taxation.

No. 5055-A.—Bombay Castle, 20th November 1926.

From the Government of Bombay, Finance Department to Chamber,

I am directed to draw your attention to this Department letter No. 5055-A, dated 30th September 1926, and to request the favour of a very early reply.

No. T. 2291—dated 22nd November 1926.

From the Government of Bombay, Finance Department, Bombay.

With reference to your letter No. 5055-A, dated the 20th November 1926, I am directed to state that the views of my Committee on the above question have already been forwarded to you in paragraph 6 of their letter, dated the 3rd November 1926, No. T. 2173.

APPENDIX 54.

IMPORT DUTY ON RAW MATERIALS USED IN INDIGENOUS INDUSTRIES.

No. T.-857 dated the 8th April 1926.

From Chamber to the Central Board of Revenue, Government of India Finance Department, Simla.

I am directed by my Committee to draw your attention to the Order in Appeal R. S. R. No. 5325 of 1925, dated 16th December 1925, on the subject of cotton flock grey (assessment) and to point out that in the opinion of my Committee the complaint preferred, against which the decision has been given by the Collector of Customs, represents a large order of similar difficulties experienced by industrialists all over the country. This situation reveals a defect

in the present classification for purposes of the levy of the customs duty. What is called raw cotton has passed through numerous processes employing even power machinery, and since India is one of the great cotton producing countries of the world the object of admitting raw cotton free of duty is more on grounds of principle, *viz.* that the raw material of an industry should be allowed to come in without the imposition of a duty.

Taking this principle, the application of it to cotton flock by reasoning applied by the Collector of Customs seems to my Committee faulty. In the same way my Committee would draw attention to the duty of 15 per cent on non-ferrous metals generally and particularly on rods, sheets and circles, while the same rate of duty is imposed on the finished articles as well. The Indian manufacturer has to pay 15 per cent. duty on what constitutes the bulk of the cost of the finished article and therefore the Indian manufacturer is seriously handicapped and does not get even that minimum protection against foreign imports that the ordinary revenue duties would ordinarily give him and which the Fiscal Commission claimed he would be getting in any case. In the same way the principle underlying classification, on which the present duty is levied, by which raw materials are generally exempt and amongst manufactured articles luxury items are taxed at a higher rate, that principle, which if properly carried out would make the Indian tariff system scientific, is also grossly violated by the present practice.

In the same way the recommendations of the Tariff Commission and entire basis of reasoning pursued by the Tariff Board also lose their force. The Tariff Board, for example, justified the levy of 25 per cent. on fabricated steel on the principle that a higher price had to be paid by the local manufacturer on his raw material. Here also an attempt was made to involve not only fair conditions as between the local manufacturer and the foreign manufacturer but to give the local manufacturer a certain amount of advantage.

My Committee could multiply instances of this kind where the finished product is taxed at the same rate at which the raw material, in which this product is going to enter, is taxed. They can give

instances when the finished products emanating from a foreign manufacturer are taxed at a lower rate than the rate, which the manufacturer would have to pay on the raw material entering into this product. Under these conditions, my Committee would request Government to give a more clear expression of policy on this issue and wherever the practice is not in keeping with such policy to set in motion departmental machinery for the necessary correction.

In conclusion my Committee would request Government in expressing this policy to throw in their weight in this matter in favour of the local manufacturer. This would be not only in keeping with the Government of India's professions from time to time but also with the approved practice and policy of the Cabinet in the United Kingdom to-day. I am to express a hope that, in the opinion of the Government, the demand for greater clearness in Government's tariff policy and in the actual operation of tariff rules in their application to various articles will not be regarded by Government as a demand for indiscriminate protection, but merely a request for a sound administrative reform, which will take away any existing injustice to local manufacturers.

No. 109-T(5)—dated 31st May 1926.

From Government of India, Department of Commerce to Chamber.

In reply to your letter No. T-857, dated the 8th April 1926, to the Secretary, General Board of Revenue, I am directed to invite your attention to this Department Resolution No. 38-T(2), dated the 28th March 1925 and in particular to the last sentence of paragraph 1.

A copy of the Resolution is enclosed.

DEPARTMENT OF COMMERCE.

RESOLUTION.

Tariffs.

Delhi, the 28th March 1925.

No. 38-T. (2).—The Government of India have received a number of representations to the effect that the development of certain industries in India is hampered by the fact that the duty on the finished article is lower than the duty on the materials which have to be imported for the manufacture of that article. A list of such representations is appended to this Resolution. The representations will now be referred to the Tariff Board. It is requested to examine these representations and any others of a similar nature which may be brought to its notice and to make such recommendations, whether general or special, as it thinks fit.

2. Firms or persons interested in the above enquiry should address their representations direct to the Secretary of the Tariff Board.

Order.—Ordered that a copy of the above Resolution be communicated to all Local Governments and Administrations, all Departments of the Government of India, the Director General of Commercial Intelligence, the Indian Trade Commissioner in London and the Secretary of the Tariff Board.

Ordered also that it be published in the *Gazette of India.*

D. T. CHADWICK,

Secy. to the Govt. of India.

List of representations.

No.	Applicant.	Manufactured articles or works.	Rate of duty to which now subject. *Ad val.*	Main complaint that materials are assessed at higher duties.		Subsidiary request.
				Articles.	Duty.	
1	The Indian Cable Company, Calcutta.	Electric wires and cable.	2½ per cent.	"Block" rod ...	15 per cent.	
				Cottons and braids	5-11 per cent.	
				Silk covering ...	30 per cent.	
				Pig lead ...	15 per cent.	
				Various miscellaneous articles.	15 per cent.	
2	The Calmoni Engineering Company, Tatanagar.	Jute machinery ...	2½ per cent.	Hard crucible steel bars.	10 per cent. to 15 per cent.	
				Special roller leather		
				Malleable castings.		
				Steel fencing plates.		
				High carbon steel bars.		
				Brass gills.		
				Machine screws, pins, keys.		
				Mahogoni rubbers.		

3	Messrs. Mather and Flatt, Calcutta.	Sprinklers ...	2½ per cent.	Constituent parts ...	10 per cent, to 15 per cent.
4	Messrs. The Broughton Copper Company and others.	Brass and copper manufacturing works.	15 percent. In some cases 2½ per cent.	Unwrought copper Spelter,	15 per cent,
5	Messrs. Birkmyre Bros., Calcutta.	Hastings belting .	2½ per cent,	Cotton yarn ...	5 per cent, *plus* excise 3½ per cent,
		Camel hair belting	2½ per cen,	Camel hair yarn ...	15 per cent,
6	Messrs. S. A. Tyabji and Company, Rangoon.	Cotton canvas ply elevator belts.	2½ per cent,	Cotton duck ...	11 per cent,
7	The Bengal Tanneries, Limited, Calcutta.	Leather belting...	2½ per cent,	Belting cement ...	15 per cent,
8	The Eureka Belting Works, Limitted, Saikia.	Hair belting ...	2½ per cent,	Camel hair yarn ...	15 per cent,

List of representations.—(contd.)

No.	Applicant.	Manufactured article or works.	Rate of duty to Which now subject. *Ad val.*	Main complaint that matrials are assessed at higher duties		Subsidiary request.
				Articles.	Duty.	
9	The Indian Galvanising Company, Calcutta.	Galvanised steel poles and hardware.	2½ or 15 per cent.	Spelter	15 per cent.	
10	The Angus Company, Limited, Calcutta.	Brasses and brass work for machinery.	2½ per cent.	Raw copper ...	15 per cent.	Protection for galvanised hardware and steel poles.
11	Messrs. Burn and Company, Calcutta.	Underframes and a vast list of component parts of wagons.	10 per cent.	Steel sheets, bar, etc.	Varying rates recommended by Tariff Board generally about 20 per cent.	Effect of Steel duties on local manufacture of underframes, etc.
12	The Indian Engineering Association, Calcutta.	Urges necessity of an early enquiry into the duties on machinery, component parts and certain raw materials.				
13	Bell Metal Merchants' Association, Bankura.					

14	Messrs, Halley Brothers, Limited Calcutta.	Hackle making...	2½ per cent	Cast steel wire ...	About 23 per cent.	
15	The Punjab Wire Nail Factory, Lahore.	Panel pins, tacks, rivets, dowels, wire chains.	10 per cent	Wire from which they are made.	About 23 per cent.	Also for protection for wire nails.
16	The Bomday Electric Supply and Tramways Company, Bombay.	Insulating material imported with joint boxes	2½ per cent	Insulating material imported and joint boxes made locally.	15 per cent .	
17	The G. T. R. Limited Cossipore.	Brass and gun metal water and steam fittings	15 per cent	Brass and gun metal ingots.	15 per cent .	Also for protection for fittings similar to those locally manufactured.
18	Messrs. McGeorge and Balfour Calcutta.	Reads and cambs.	2½ per cent	Heald yarn, varnish, nails twine, reed ribs and archangle pitch.	15 per cent .	
				Wire	About 23 per cent.	

No. T. 1353 dated the 25th June 1926.

From Chamber to the Tariff Board Simla.

My Committee are given to understand that as far back as March 1925 some representations to the effect that the development of certain industries in India was hampered by the fact that the duty on the finished article was lower than the duty on the materials which had to be imported for the manufacture of that article were referred by the Government of India to your Board with a request to examine them and make such recommendations whether general or special as the Board may think fit.

As the members of this Chamber are naturally anxious to know the results of these representations, my Committee would be much obliged if they will be supplied with any summaries or reports of recommendations made or any general principle evolved from the same by the Board, so that they may take up the matter in the Legislative Assembly through their representative if necessary.

Trusting to receive an early favour.

No. 559, dated the 26th July 1926.

From Tariff Board, to Chamber.

I am directed to refer to your letter No. T.-1353, dated the 25th June, 1926, and to enclose a list of the representations made to the Tariff Board by applicants, who submit that the development of certain industries in India is hampered by the fact that the duty on the finished article is lower than the duty on the materials imported for the manufacture of similar articles in India.

2. In reply to the second part of your letter, I am to say that the proposals made by the Tariff Board as a result of the various enquiries held, in connection with representations Nos. 9, 11, 14, and 15, are embodied in the following reports which are on sale at all Government Book Depots and authorised Booksellers :—

1. Report of the Indian Tariff Board regarding the Grant of Supplementary Protection to the Steel Industry.
2. Report of the Indian Tariff Board regardig the Grant of Protection to the Wire and Wire Nail Industry.
3. Report of the Indian Tariff Board regarding the removal of the duty on Spelter and the enhancement of the duty on imported Galvanised hardware.

The action taken on these reports can be gathered from the enactments passed and the resolutions issued by the Government of India.

3. Applications Nos. 1 and 2 have been settled by rulings issued by the Central Board of Revenue and the remainder will be dealt with in forthcoming enquiries to be held by the Board.

List of Representations.

No.	Applicant.	Manufactured articles or works.
1	The Indian Cable Company, Calcutta.	Electric wires and lables.
2	Messrs. Mather and Platt, Calcutta.	Sprinklers.
3	Messrs, The Broughton Copper Company and others.	Brass and copper manufacturing works.
4	Messrs. Birkmyre Bros, Calcutta.	Hastings belting Camel Hair belting.
5	Messrs. S. A. Tyabji and Company, Rangoon.	Cotton canvas ply elevator belts.
6	The Bengal Tanneries, Limited, Calcutta.	Leather belting.
7	The Eureka Belting Works Limited Salkia.	Hair belting.

No.	Applicant.	Manufactured articles or works.
8	Messrs. McLawrie and Company, Calcutta.	Camel Hair belting.
9	The Indian Galvanising Company, Calcutta.	Galvanised steel poles and hardware.
10	The Angus Company Limited, Calcutta.	Brasses and brass works for machinery.
11	Messrs. Burn & Co, Calcutta.	Underframes and a vast list of component parts of wagons.
12	The Indian Engineering Association Calcutta.	Urges necessity of an early enquiry into the duties on machinery component parts and certain raw materials.
13	Bell metal Merchant's Association Bankura.	
14	Messrs. Halley Bros. Limited Calcutta.	Nackle marking.
15	The Punjab Wire Nail Factory, Lahore.	Panel pins, tacks, rivets, dowels, wire chains.
16	The Bombay Electric Supply and Tramways Company, Bombay.	Insulating material imported with joint boxes.
17	The G. T. R. Limited, Cossipore.	Brass and gun metal water and steam fittings.
18	Messrs. Mc. Gregor and Balfour, Calcutta.	Reeds and combs.
19	Messrs. Harton and Company, Calcutta.	Rope from manilla hemp.
20	Ganges Rope Company.	"
21	Shalimar Rope Works Calcutta	"
22	Allahabad Law Journal Company, Limited.	Type from imported metal.

APPENDIX 55.

INCREASE IN EXPORT DUTY ON RAW HIDES AND SKINS.

No. T.-2457 dated the 9th December 1926.

From Chamber to the Government of India Department of Commerce, Delhi.

The attention of my Committee has been drawn to the representation made by the Southern India Hides and Skin Merchants' Association to the Government of India regarding the increase in the Export Duty on raw hides and skins.

The tanning industry is not only the most important industry of the Madras Presidency but is also one of considerable importance to the country as a whole and as such deserves every possible help from the Government for its proper development. It appears from the speech made by the Honourable Sir Basil Blackett at Rangoon before the Burma Chamber of Commerce some time back, that the Government of India are seriously thinking of removing the five percent export duty on raw hides and skins. My Committee believe that such a step would greatly endanger the indigenous tanning industry. In this connection, my Committee desire to draw the attention of the Government to the levy of 15 percent export duty on raw hides and skins in 1919. Unfortunately, this duty was not given a reasonable and fair scope to make its effect felt and was reduced to five percent in 1923. The Government of India are now approached by the most representative Commercial Association of the Madras Presidency—which is preeminently the seat of this great industry with a request to increase the export duty on raw hides and skins from five to ten percent.

My Committee fully share the views expressed in the representation of the said Association and request the Government to raise this export duty to ten percent and thereby accord the necessary protection to this indigenous tanning industry.

No. 75-T (17), dated the 22nd December 1926.

From Government of India Department of Commerce to Chamber.

I am directed to acknowledge the receipt of your letter No. T.-2457, dated the 9th December 1926, and to say that the views of your Chamber on the above subject are noted by the Government of India.

APPENDIX 56.

IMPORT DUTY ON COLOGNE WATER EMPTY BOTTLES, CORKS ETC: (THE REQUEST OF ALEMBIC CHEMICAL WORKS OF BARODA.)

No. T.-1957 dated the 29th September 1926.

From Chamber to the Government of Bombay Revenue (Transferred) Department, Bombay.

I am directed to inform you that the Committee of this Chamber support the representation sent to the Government by the Alembic Chemical Works Co., Ltd., of Baroda, dated 18th June 1926, No. 2047. It is their contention that the indigenous industry as represented by that Company has to suffer owing to the competition have not to pay any duty on those bottles of foreign spirits which are imported here in bottles and yet which have not to pay any duty on those bottles. It will be clear from a copy of the letter of Messrs. Alembic Chemical Works Co., enclosed herewith, that the relief they ask for is to have equal conditions for Indian and foreign manufactures, which can be secured by levying a duty upon the empty bottles containing foreign spirits.

(*Copy.*)

No. 2047, Baroda, dated the 16th June 1926.

From the Alembic Chemical Works Co. Ltd., to the Government of Bombay Revenue (Transferred) Department, Bombay.

With reference to the correspondence ending with your letter No. 1652-C, dated the 13th August 1923 and letter No. 3821-C/24 dated the 26th October 1925 we have the honour to state as under.

2. For the purposes of assessment to customs duty under item 30 of the Import Tariff Schedule the expression "Perfumed spirits" means a mixture containing only Alcohol, water, and essential oil or Attar with possibly a little liquid Ammonia or neutral colouring matter and of an alcoholic strength not falling short of proof spirit. Eau-de-cologne and Lavender water manufactured by our company are on import into the Bombay Presidency assessed to duty at the rate of Rs. 36 per proof gallon without being tested.

3. The duty paid by the foreign manufactured is calculated only on the alcoholic contents and quantity of the products and not on the value of the products and therefore they are neither to pay duty on the value of the alcohol nor on the contatiners, the packing materials etc. We on the other hand have to pay on all the containers and packing materials imported from the foreign countries.

4. With reference to paragraph 5 of your letter No. 3821-C/24, *dated the 26th October* 1925, you point out that the incidence of Customs duty on bottles, corks, and packing cases constitutes a very small charge per proof gallon. We submit that the custom duty on imported packing materials such as bottles for Eau-de Cologne etc., is charged not on the invoice value of the foreign manufacturing firms but on the market value ruling in Bombay at 15% advalorem whichever is higher so the incidence of custom duty is sometimes appear to be negligible but when compared to the amount actually paid by the

importing firms at market value the incidence works out in such a way that the local manufacturers find it hard to compete with Foreign firms who are exempted from the payment of similar custom duty.

5. We therefore request you to move the Government of India to protect if not encourage the Bombay Industry against unfair competition from the foreign manufacturers by charging the customs duty not only on the alcoholic contents and quantity of the products but on the invoice value of the products, or if this is not feasible to arrange with the Government of India to charge custom duty on the invoice value of the packing materials instead of on the market value of the same arbitrarily fixed by the customs authorities from time to time.

No. 2779,—dated Baroda the 30th July 1926,

From the Alembic Chemical Works Co. Ltd., to Chamber.

We are in receipt of your letter No. T. 1448, dated the 9th July 1926 and reply to this letter was postponed due to the inquiries regarding Custom Duty which we had to make at Bombay for which we regret.

In our representation under letter No. 2047. dated the 18th June 1926 to the Secretary to the Government of Bombay the copy of which has already been with you; we have represented merely the case of empty cologne water bottles, but other bottles also come under the same class for the purpose of custom duty. We herewith enclose the true copies* of the invoice of Theodor Vendit for ordinary empty bottles and the relative document of clearing the goods wherein the Custom Duty of Rs. 146-8-0 at 15 % is charged on Rs, 976-8-0 fixed as the maket value of the goods by the Custom Authorities and not on the invoice value of Rs, 924, equivalent to £ 69-6 0 % sh. 1-6 per rupee, in which case the duty at 15% would have been Rs. 138-10-0.

Hence the charging of duty of Rs. 146-8-0 on Rs. 924 of the invoice value works out a percentage of 16% as Custom Duty and this percentage many times increases as the market value of the bottles increases due to their shortage.

---

* Not printed see file No. R. 77 of 1926

To make the issue more clear we give you one concrete example of the cost price calculation of cologne water bottles :—

One bulk gallon of Cologne water bottles packed by us in 2½ oz. average 60 bottles.

Cost of 60 bottles at Rs. 1-8 0 per doz. ...	Rs.	7	8 0
Cost of corks, silken ribbon, corks screw, labels and wrapping at Rs. 0-12-0 per doz....	„	3	12 0
Excise Duty per one bulk gallon	„	36	0 0
Cost of one gallon Cologne water	„	6	0 0
TOTAL ...	„	53	4 0

One bulk gallon of Cologne water bottles packed by Foreigners.

Taking that Foreign Firms also pack 60 bottles per bulk gallon of Cologne water, their cost price when imported into India is reduced by Rs. 1-13-0 being the custom duty at 16% which we have already paid on Rs. 11-4-0 the cost of the bottles and packing materials while importing them and which they have not to pay because they are required to pay Rs. 36 per bulk gallon of cologne water as the Customs Duty is charged on the bulk gallon only and not on the invoice value.

As we particularly sell Cologne water by grosses to customers the figure of Rs. 13 0-0 per 5 doz. bottles becomes a big figure of Rs. 4-5-0 per gross and is not negligible when there is keen competition between our goods and the foreign goods.

We therefore request you to move the Government of India to protect if not encourage the Bombay industry against unfair competition from the foreign manufacturers by charging the customs duty not only on the alcoholic contents and the quantity of the product but also on the invoice value of the products in addition.

No. 7600-G/24—Dated Bombay Castle, the 14th December 1926.

From the Government of Bombay, Revenue Department to Chamber.

With reference to your letter No. T.-1957, dated the 29th September 1926, I am directed by the Government of Bombay (Transferred Departments) to forward a copy of their letter No. 7600-G./24, dated the 14th December 1926, addressed to the Secretaries, Treasurers and Agents, the Alembic Chemical Works Company, Limited.

No. 7600 G./24.

Revenue Department.

Bombay Castle, the 14th December 1926.

From

J. W. Smyth, Esquire, I.C.S.,

Acting Secretary to the Government of Bombay,

Revenue Department;

To

The Secretaries, Treasurers and Agents,

The Alembic Chemical Works Company, Limited.

Subject:—Perfumed spirits.

Alembic Chemical Works Company, Limited.

Request made by the, to charge customs duty on bottles containing imported.

GENTLEMEN,

I am directed to refer to your letter No. 2047, dated the 18th June 1923, requesting that the Government of India be moved to protect the Bombay industry in perfumed spirits against unfair

competition from foreign manufacturers by charging the latter customs duty not only on the alcoholic contents of the articles but also on the invoice value of the containers, etc., or, if that is not feasible, to arrange for customs duty being charged on the invoice value of the packing materials imported by the Company for bottling the spirits instead of on their market value. In reply I am to state as follows.

2. Imported perfumes pay a tariff duty of Rs. 36 per bulk gallon and the excise duty on Indian-made perfumed spirit is also fixed at the same rate. The rate at which the excise duty is leviable is however only nominal and has no relation to actual facts, since perfumed spirits are manufactured in the Bombay Presidency from duty-paid rectified spirits and there is no further levy on the finished product. Perfumed spirits manufactured in the Bombay Presidency therefore pay duty only on the rectified spirits which enter into their composition. Hitherto these spirits were expected to be not less than 39° O. P. but this condition was done away with by the orders issued in October 1925. Even supposing that the strength of 39° O. P. is observed in practice by the manufacturers with a view to standing competition with the imported articles, the excise duty paid by the Indian manufacturer amount to Rs. 24-8-0 only per bulk gallon as against Rs. 36 paid by the imported article. The local manufacturer has thus an advantage of Rs. 11½ per bulk gallon.

3. It appears from your letter No. 2779 dated the 30th July 1926, to the address of the Indian Merchants' Chamber that one bulk gallon of Cologne water is sold in 60 bottles and that you are required to pay about Rs. I-13-0 in the shape of customs duty on the bottles and necessary packing material. In view of the difference in the amount of duty on the imported and locally made product mentioned in paragraph 2 above, the incidence of customs duty on bottles, corks, packing cases, etc., constitutes a small charge and Government see no sufficient reason to take the action suggested by you.

4. Your request for the assessment of customs duty on the

invoice value of packing materials instead of on their market value is one for the consideration and orders of the Government of India and I am to ask you to apply to the Central Board of Revenue in the matter.

I have the honour to be,

GENTLEMEN,

Your most obedient servant,

J. W. SMYTH,

Acting Secretary to the Government of Bombay,
Revenue Department.

APPENDIX 57.

TARIFF VALUATIONS FOR HIDES AND SKINS FOR 1927.

No. 9547 E. I. E, dated the 26th October, 1926.

From Director-General of Commercial Inteligence and statistics, to Chamber.

With reference to my letter No. 3562 of the 9th May, 1921, I write to say, for the confidential information of your Chamber, that it is proposed to revise the valuations of hides and skins for export duty with effect from 1st January 1927, and I enclose a statement of showing the valuations which it is proposed to bring into effect from that date.

If you desire to put forward criticisms of the rates proposed, I shall be glad if you will kindly let me have them at as early a date as possible—before the 23rd November, next. In order to avoide misapprehension, I would add that these rates are intended to represent averages at the major Indian ports of all the grades under each heading exported from India.

No.	Names of Articles.	per.	Proposed tarriff valuation.
6	RAW HIDES AND SKINS IF EXPORTED FROM ANY PLACE IN BRITISH INDIA OTHER THAN BURMA.		Rs. as. p.
	(1) Arsenicated and air dired hides :—		
	(a) Cows (including calf skins), Framed	lb.	0 10 0
	(a) Cows (including calf skins), Unframed	„	0 6 6
	(b) Buffaloes (including calf skins) Framed	„	0 7 0
	(b) Buffaloes (including calf skins) Unframed	„	0 5 0
	(2) Dry salted hides—		
	(a) Cows (including calf skins) ...	„	0 6 6
	(b) Buffaloes (including calf skins) ...	„	0 4 0
	(3) Wet salted hides—		
	(a) Cows (including calf skins) ...	„	0 4 0
	(b) Buffaloes (including calf skins) ...	„	0 2 6
	(4) Goat and kid skins	Piece	1 8 0
	(5) Sheep skins	„	1 1 0

No. T.-2388 dated the 1st December, 1926.

From Chamber to the Director-General of Commercial Inteligence and Statistics, Bombay.

With reference to your letter No. 9547-C. I. C. dated 26th October, 1926 and the subsquent interview my Committee had with

you on Monday, the 29th November 1926, I am directed to send to you herewith a copy of a letter received from Messrs. Haji Noormahomed and Haji Eisa together with their proposed changes in the Tariff Valuations for your information.

Copy of letter of Messrs. Haji Noormahomed and Haji Eisa. to Chamber

Bombay, dated the 13th November 1926.

We beg to acknowledge the receipt of your letter No. T. 2170, dated the 1st November, but posted on the 12th instant but received today.

We have carefully seen the proposed Tariff Valuations for Hides and Skins to be brought into effect from the 1st January 1927. We absolutely differ as to these valuations which are based on quite unbusinesslike ways especially in the valuation of hides and calfs which are combined together and which should be treated separately there is a vast difference in valuation of Calfs and Hides. Between calfs and hides there is a difference in prices by about 30% to 40%. The goat and sheep skins valuations are lower than whole round the year prices offered from Europe and America.

We herewith beg to send you a list of the valuations to be brought into effect from the 1st of January 1927. We think these said valuations are quite fair and reasonable considering the sales in Europe and America. There is one more point that we wish to impress upon namely that though the valuations mentioned by us may be rather high yet they are reasonable considering that only hides and skins of prime and best qualities are shipped to Europe and America and the remaining inferior stuff with the rejections of hides and skins are resold in India to the tanners at half the prices than what are secured for prime and best tannages secured abroad. Therefore you will agree with us that hence the valuations of the exported hides and skins must be much higher.

We hope you will kindly forward the copy of our letter and valuations to the Director General of Commercial Intelligence and Stastistics, Calcutta, with your strong recommendations to fix the valuation as mentioned therein.

If the valuations are fixed according to our suggestions, it will help a great deal to Indian Tanners to increase their business.

TARIFF VALUATIONS OF HIDES AND SKINS PROPOSED BY MESSRS HAJI NOOR MAHOMED AND HAJI EISA.

		Rs.	A.	P.
1. A.	Arsenicated and air Dried Hides (Framed) per lb.	1	0	0
	„ „ „ „ „ (unframed) per lb.	0	10	0
	„ „ „ „ calves (framed) per lb.	1	6	0
	„ „ „ „ „ (unframed) per lb.	1	0	0
	„ „ „ „ buffalces (framed) per lb.	0	8	0
B.	„ „ „ „ „ (unframed) per lb.	0	6	0
	„ „ „ „ calves (framed) per lb.	0	12	0
	weight (1 to 4 lbs.)			
	„ „ „ „ calves (unframed) per lb	0	9	0
	weight (1 to 6 lbs.)			
2.	Dry Salted Hides Cow ...	...	0	8 0
	„ „ „ Buffaloes ...	...	0	6 0
	„ „ calves cows, 2 to 8 lbs....	...	0	12 0
	„ „ „ buffaloes 2 to 8 lbs.	...	0	10 0

		Rs.	A.	P.
3.	Wet salted hides cows	0	6	0
	„ „ „ buffaloes	0	4	0
	„ „ calves cows 3 to 8 lbs.... ...	0	9	0
	„ „ „ buffaloes, 3 to 10 lbs. ...	0	6	0
4.	Goat skins... ... ... per piece		4	0
	„ Kids under 26 inches ... „ „	0	12	0
	Sheep skins ... ... „ „	2	4	0
	„ kids under 26 inches ... „ „	0	12	0

No. 2686, dated the 2nd December, 1926.

From Director General of Commercial Intelligence and Statistics to Chamber.

I beg to acknowledge the receipt of your letter No. T.-2388 of 1st December, together with a copy of the letter received from Messrs. Haji Noormahomed and Haji Eisa regarding the proposed changes in tarriff valuations. The suggestions put forward in the enclosure will be given careful consideration, and I would ask you to accept my thanks for sending me a copy of the letter.

APPENDIX 58.

DIFFERENCE BETWEEN INDIAN AND SINGAPORE PEPPER FOR CUSTOMS PURPOSES.

No. 3944 Bombay, dated the 13th July 1926.

From Collector of Customs Bombay to Chamber.

I have the honour to inform you that very often applications are made under Section 25 of the Sea Customs Act by the trade to

this Department for exemption from duty on reimported Indian pepper. I have myself made enquries and find that there is no real ascertainable difference between Indian and Singapore pepper, and that if at all there is any it is such as cannot be seen by the eye of anyone who is not a real expert in the matter. I have therefore, come to the conclusion that pepper is an article *incapable of easy identification* for purposes of drawback or free reimportation. No claims will hereafter be admitted on that article.

No. T.-1749 dated the 25th August 1926.

From Chamber to the Collector of Customs Bombay.

With reference to your letter No. 3944, dated 13th July 1926, I am directed by my Committee to state that there is real ascertainable difference between Indian and Singapore pepper. Local merchants dealing in this article are able to recognise the difference. My Committee therefore think that it is not fair to reject claims of drawback or free re-importation. They trust that you will kindly see your way to revoke the Order issued in this behalf.

No. 3944 Bombay dated the 28th August 1926.

From Collector of Customs, Bombay to Chamber.

With reference to the letter cited above, I have the honour to state that I regret I do not see my way to revoke the orders communicated to you in my letter S. R. No. 3944 dated the 13th July 1926. My enquiries were made personally from merchants engaged in the trade who satisfied me by inspecting samples of both kinds of pepper that there was no distinction between them sufficiently clear to justify the removal of pepper from the list of articles which are not capable of easy identification for the purposes of drawback or free re-importation.

(E) PUBLIC ENQUIRY COMMITTEES AND COMMISSIONS.

APPENDIX 59.

APPOINTMENT OF AN INDIAN BUSINESSMAN ON THE RAILWAY WORKSHOP COMMITTEE.

No. T.-1272 dated the 5th February 1926.

From Chamber to the Government of India Department, of Commerce, Delhi.

The attention of the Committee of this Chamber is drawn to the appointment, of recently by the Government of India, Department of Railways, of a Committee to enquire into the facilities provided by Railway workshops for repairs of locomotives and rolling stocks. They are sorry that no businessman is appointed on such a Committee which will be largely concerned with questions of finance and business. A Committee, which was appointed by the Army Department at the time of the Inchcape inquiry and was known as Braithewaite Committee, had got almost analogous functions to the Workshops Committee. There was a businessman on that Committee viz. the Hon'ble Mr. Manmohandas Ramji. That precedent shows the necessity for having a businessman on the new Committee also and my Committee trust that the Government of India will be pleased to accept their suggestion and appoint a businessman on the Worshops Committee.

No. 1537-S., dated Simla, the 19th of April 1926.

From Government of India, Railway Department to Chamber.

I am to express regret for the delay in reply to your letter No. T-272, dated the 5th February 1926, to the Secretary, Commerce

Department, Government of India. I am to explain that the suggestion to appoint a commercial man on the State Railway Workshops Committee was carefully considered when the Committee was formed, but the Government of India came to the conclusion that his presence on so technical a Committee would serve no useful purpose. They intend however to publish for general information the report of this Committee as soon as it is received, and this will enable your Chamber to make any representations, which may seem to them to be desirable, on the recommendations of the Committee.

No. T-1037, dated the 3rd May 1926.

From Chamber to the Government of India Railway Department Simla.

I am directed to acknowledge receipt of your letter of the 19th April 1926, No. 1597-S.

My Committee regret that the Government of India could not appoint a businessman on the State Railway Worshops Committee, for they still believe that the presence of such a businessman would have been a help rather than a hindrance. My Committee have seen it stated in the Press that the report of this Committee has been submitted to Government. If so, they will be much obliged if you will kindly send a few copies for their consideration.

APPENDIX 6o.

BACKBAY ENQUIRY COMMITTEE OF THE GOVERNMENT OF INDIA.

No. T.-757, dated the 24th March, 1926.

From Chamber, to the Government of Bombay, General Department Bombay.

I have the honour to send to you herewith a copy of the resolutions passed at the public meeting held under the auspices of this Chamber on 23rd March, 1926, for information and necessary action.

No. T.- 758 dated 24th March, 1926.

From Chamber to the Government of India Home Department, Delhi.

I have the honour to send to you herewith a copy of the resolutions passed at the public meeting held under the auspices of this Chamber on 23rd March, 1926, for information and necessary action.

A copy of the same has been sent to the Government of Bombay.

No. T.-759 dated the 24th March, 1926.

From Chamber to the Right Honourable the Secretary of State for India, London.

I have the honour to send to you herewith a copy of the resolutions passed at the public meeting held under the auspices of this Chamber on 23rd March, 1926, for information and necessary action.

A copy of the same has been sent to the Government of India.

Resolutions passed at the Public Meeting held under the auspices of the Indian Merchants' Chamber on Tuesday the 23rd March, 1926, at 6 p. m.

1. This public meeting of the citizens of Bombay records its severe condemnation of the policy in the matter of the Development Department generally and the Back Bay Reclamation in the particular pursued by the Government of Bombay in spite of many warnings and protests by citizens and public bodies—a policy which has resulted in losses of crores of Rupees and which has mortgaged the progress of the Province for many years to come.

2. This public meeting of the citizens of Bombay asks the Government to appoint an independent non-official Commission with a majority of representatives of public bodies to enquire into the origin and activities of the Development Department and to apportion the relative blame and responsibility for failure of the Back Bay Reclamation scheme and to suggest what steps should be taken with regard to the prosecution of the scheme or otherwise so as to minimise the loss as far as possible.

3. This public meeting of the citizens of Bombay authorises the President to send these resolutions to the Government of Bombay, and a copy of the same to the Government of India and Secretary of State for India.

No. 56 S. B. Bombay Castle, 26th May, 1926.

From the Government of Bombay Development Department to Chamber.

With reference to letter No. T.-757, dated the 24th March, 1926, forwarding a copy of the Resolution regarding the Back Bay Reclamation Scheme passed at a meeting held under the auspices of the Indian Merchants' Chamber on the 23rd March, 1926, I am directed to state that the Government of India have now decided to appoint a committee of enquiry in connection with the scheme.

No. T.-1216 dated the 3rd June, 1926.

I am directed to acknowledge receipt of your letter of 26th May, 1926. No. 55 S.B., addressed to the President of this Chamber. My Committee are glad to note that the Government of India have decided to appoint a Committee of Enquiry in connection with the Back Bay Reclamation Scheme. They trust that the Committee which is to be appointed will consist of independent non-officials with a majority of representatives of public bodies.

In this connection, I am directed to inquire if the Committee of Engineers recently appointed by the Government of Bombay have submitted their report and if so, when it will be made available to the public.

No. 56.-S.B. Bombay Castle, dated the 21st June, 1926.

From the Government of Bombay Development Department to Chamber.

With reference to your letter No. T. 1216, dated the 3rd June, 1926, I am directed to state that as the Committee of Enquiry in connection with the scheme mentioned above is being appointed by the Government of India, the personnel of the Committee will be determined by that Government.

2. As regards paragraph 2 of your letter, I am to say that the Committee of Engineers, referred to therein, has not yet submitted its report.

No. T.-1413, dated the 7th July, 1926.

From Chamber to the Government of India Department of Industries and Labour, Simla.

The Committee of this Chamber are glad to learn from the Government of Bombay that the Government of India are going to appoint a Committee of Enquiry shortly in connection with the Back Bay Reclamation Scheme of Bombay. They trust that the Committee

which is to be appointed will consist of independent non-officials with a majority of representatives of public bodies. In this connection I am to remind you of the resolution which was passed by the public meeting of the citizens of Bombay held on 23rd March 1925, a copy of which is enclosed herewith for purpose of easy reference.

D. O. No. 63 dated the 29th July, 1925.

From Back Bay Enquiry Committee to Chamber.

I am directed by the Chairman of the Back Bay Enquiry Committee to invite your Chamber to nominate a representative to give evidence on their behalf before the Committee on any subjects relevant to their terms of reference (of which I enclose a copy) on which they are in a position to give evidence. I am to say that the Committee would be glad to take the evidence of the Chamber at an early stage in their enquiry and to ask whether Thursday, August 5th at 3 p. m. in Legislative Council Committee room on the first floor of the Civil Secretariat would suit your representative. It would be convenient to the Committee if your Chamber would send them in advance a statement indicating briefly the substance of evidence which they propose to offer.

BACK BAY ENQUIRY COMMITTEE.

Terms of Reference.

The terms of reference of the Committee are:—First to enquire into the history of the inception and conduct of the Back Bay Reclamations scheme, and secondly to make recommendation as regards future operations.

No. 1591 dated the 4th August, 1926.

From Chamber to the Secretary Back Bay Enquiry Committee, Government of India, Secretariat, Bombay.

With reference to your letter of the 29th July 1926, I am directed to say that the same was placed before my Committee yesterday

and they have decided to give evidence before your Committee and have nominated Messrs. Lalji Naranji, M.L.C., and Manu Subedar as the Chamber's representatives. My Committee, however regret, that both of them are at present out of Bombay and it will not be possible for them to appear before your Committee this or next week.

As for an advanced statement indicating briefly the substance of the evidence which our representatives may propose to offer, we are requesting them to do the needful.

Memorandum submitted by the Chamber to the Government of India Back Bay Enquiry Committee.

The various proposals for the Reclamation of the Back Bay and how it was turned down time after time by the Government of India and the Secretary of State is given in the dissenting minute of Mr. Manu Subedar, the Chamber's representative on the Advisory Committee in their Second and Interim Report on the subject. It is there also shown how Government finally launched into this huge gamble and deluded themselves and the public with prospects of huge profits of 300 and 500 million rupees that were to be available for the benefit of the labouring classes and the poor. It is therefore not considered necessary to repeat it all here, and only matters arising after the launching of the scheme and which have formed the subject matter of correspondence between this Chamber and the Government will be noted in the present memorandum.

Early in 1920 the Government came forward with proposals for development of Bombay and floated a big loan which they emphasised was to be spent,

"*In Bombay, by Bombay and for Bombay*".

Our Committee addressed Government on the 8th November, 1920. In this they urged Government to carry out the promise implied in the above slogan to give preference to Indian contractors and pointed out that such men would prove more successful in dealing with difficult problems of labour and local conditions than non-Indian con-

tractors could be. They said further that they understood Government's intention to be to give such contracts on basis on costs plus profits and very strongly urged that this should not be done and that,

> "an attempt should be first made to secure firm bids which they felt would be forthcoming at least from Indian contractors".

They further pointed out to Government that,

> "from the point of view of a public body it was extremely undesirable to render itself liable to large excesses on their estimate owing to the uncertainty of cost plus percentage basis and that even if it cost more public bodies should insist on limited liability, i. e., fixed prices, and not depend on a contractor's figures of expenditure".

They consequently recommended the calling for tenders at fixed rates.

In a subsequent letter (11th February 1921) my Committee pointed out that they understood in specifications for the Development Department only British Empire products were required to be used in all contracts. They drew the attention of Government to the fact that Belgian steel was quoted at only £15 to £16 as against £22 to £24 for British and urged that

> "Indian revenues or capital should not be thus penalised (by exclusive use of British goods) and that definite instructions should be issued that where Indian-made goods were not available and the necessary materials have to be imported those should be imported from the cheapest market".

The Government in their reply (16th February 1921), agreed to delete this stipulation from future contracts. My Committee were, however, surprised to learn from the same letter that

> "Government approved on 14th February, the Director of Development's proposal that none of the tenders should be accepted and that work should be carried out departmentally",

thus definitely ignoring the warning conveyed in my Committee's letter of 8th November, 1920. This, in the opinion of my Committee, was a most fundamental error and must have led to a large waste of public funds.

In a letter dated 8th April, 1921 Government asked the Chamber for suggestions as to what public buildings ought to be included in general lay out of the Reclamation. My Committee at once pointed out in their letter of 10th June, 1921, that,

> "they had great doubts as to the utility of reclaiming land from sea and consider that this scheme should not have priority to the other schemes before the Department and this scheme of reclamation threatened to be of a stupendous character and suggested that the Development may well consider if it was worth going in for it when land of an immense area was lying waste and undeveloped".

Your Committee will better appreciate the position if we point out that at that date the removal of the Cotton Green to Sewri had already been decided on and the whole of the immense area at Colaba occupied in the storage of cotton was to become vacant and the further immense area then occupied by the B. B & C. I. Railway Goods Yard at Colaba was also to be vacated and the removal of the line from Colaba to Churchgate was being very seriously considered. Therefore apart altogether from any land in the Suburbs, a very large area of land at the very door of the business quarter in the Fort was to be very shortly made available, and there was no urgency whatsoever for prosecuting this disastrous scheme at all costs. They also began to feel that the arrangements for the control of these large schemes were entirely unsatisfactory and in a letter dated 14th June, 1921 told Government that a mere advisory body without controlling powers would be useless and urged that a controlling body should be created and that the Development Department should be a *transferred* subject in charge of a Minister instead of being treated as a Reserved subject as Government proposed to do. In their reply of 4th July 1921 Government turned down both the above suggestions.

This anxiety on the part of Government to keep the expenditure of these large schemes out of the purview or control of an authority amenable to public opinion created great uneasiness in the public mind and a requisition was received by the Chamber asking for a public meeting.

Before taking action on this requisition the Chamber thought it advisable to call for information as to the financial aspects of the Reclamation. In their reply dated the 18th July 1921, Government said that from details of figures recently prepared they were satisfied that :

(a) The developed land would be ready to be placed on the market by June 1929;

(b) The total outlay including interest throughout at 7 percent would not exceed Rs. 850 lakhs at the most;

(c) The cost per square yard would be less than Rs. 15-8 0;

(d) Block 8 would be handed over to the military department at Rs. 20 per yard undeveloped and payment received by January 1927;

(e) Total reclamation area will be 1125 acres of which roughly 239 will go for roads etc., 250 will go to the military department, leaving roughly 641 acres for sale of which cost in June 1929 will be Rs. 19;

(f) If 187 further acres are left out for open spaces cost will be Rs. 28;

and

(g) Government do not anticipate having to borrow more than Rs. 4 crores from the public including the 2 crores already borrowed for the purpose in 1920.

It was further added that it was beyond the powers of this Government to make this Department a Transferred subject even if it was considered desireable to do so.

My Committee were told that His Excellency the Governor and the Member in Charge would be glad to receive them if they wanted more information.

This interview came about on the 9th August 1921 when His Excellency made a long speech explaining practically laughing out the fears of the Chamber and the public as to the difficulties of the Back Bay Reclamation Scheme from either the technical or the financial points of view.

Among other things His Excellency said :

(1) that he might say without fear that this was the simplest reclamation from an engineering point of view of all the reclamations undertaken in and around Bombay ;

(2) that they had consulted the best experts they could get hold ;

(3) that there was no conflict of opinion in regard to Back Bay and indeed there had been the opposite, *i.e.*, a concensus of opinion and it was rare indeed for experts to agree ;

and

(4) that he ventured to say that the Back Bay Scheme was a far safer piece of business than many of the solid businesses that were undertaken in Bombay City,

The whole speech is full of a tone of over-weening confidence which reads strangely in view of the fact as we know them today. There, however, seems to have been a glimmering already of the problematical character of the profits to be realised because while Sir Chimanlal Setalvad, the Member in Charge, spoke in February 1921 with great confidence of profits of 30 to 40 crores of rupees that would be available to Government for the benefit of the working classes. His Excellency in August 1921 in the course of this speech spoke only of successful fruition of the enterprise.

"without loss and probably with a very considerable margin of profits."

In reply to the grievance expressed by the Chamber on behalf of the public that Indians were not being employed in adequate numbers His Excellency said that

> "their first duty was to employ the best talent so that there should be the fewest possible mistakes."

The event has unfortunately shown what Himalayan mistakes this talented staff was capable of.

In a letter dated the 18th August 1921, Government also gave details of the costs under various major heads which may prove of interest to the Back Bay Enquiry Committee. As already remarked the Government wanted to run the whole show according to its own sweet will and had already rejected the suggestion for the creation of a statutory body to control these activities or to give the Advisory Committee any powers. His Excellency had however given the assurance at the interview above mentioned that my Committee "would find Sir Lawless Hepper grateful for their advice and assistance and he would be willing to give to bodies like this Chamber the fullest possible information and withold nothing of the main issues of the question." However, when Mr. Lalji Naranji, the Chamber's representative on the Advisory Committee called for information on certain points it was refused on the ground that "such questions could not be said to be relating to the general development of Bombay and so could not be included in the Agenda of the Advisory Committee." My Committee, drew the attention of Sir Chimanlal Setalvad, the Member in Charge, to this breach of the assurance given by His Excellency and added that if this was the treatment to be accorded to the members of the Advisory Committee, no useful purpose would be served by its representative remaining on it. This was on 6th February 1923, and in spite of several reminders no reply was received till 21st June 1923 in which Government claimed that the questions covered the internal working of the Directorate and its purely executive administration and so did not come within the scope of the Advisory Committee. My Committee replied on 10th July 1923 insisting that "in their opinion the questions were legitimate and within the defined functions of the

Advisory Committee," and added, "if the machinery of the Advisory Committee was not to be used for eliciting information without which it was not possible for a businessman to take a whole and connected view of the situation and without it the Committee strongly felt that the Advisory Committee became valueless."

The questions referred to above were calculated to bring out certain serious irregularities in the working of the Department as will be seen from the following:—

(1) How much money has been spent on experimental work on Worli Chawl constructions?

(2) Whether the Superintending Engineer has had really any training and experience to undertake work of such magnitude before he was given charge of the scheme?

(3) Was it at all necessary to appoint Superintending Engineer, No. 4, Project Division, when the work of the division could have been managed by any other man drawn from the other division?

(4) Was it not possible to save a sum of about Rs. 80,000 on 16 floor centerings for the chawls at Worli Estate if the work had been given on contract at a rate which would have included the rate for centerings; whether any efforts have been made in this direction now?

(5) Is it a fact that Superintending Engineer, No. 1 Project Division, is generally in the habit of using intemperate language towards the staff and others on the works and whether he used abusive language towards Mr. Odey Singh, one of the contractors, and his contract was cancelled and subsquently placed with Major Gammon & Co.?

(6) Is it true that Superintending Engineer, No. 1 Project Division, permitted Major Gammon and Company to make their own designs and increased the tender rates when

the tenders had been called for and accepted on the old designs and at much lower rates and whether any test was applied to the old designs before they were rejected in favour of Major Gammon & Company designs, while some of the chawls were being built on the old designs. What has been the loss to the Government owing to this?

(7) Is it a fact that Superintending Engineer, No. 1 and 2 Project Divisions, are given accomodation on nominal rents whereas the Ex-Engineers and low salaried officers and other assistance have to arrange their own accommodation at high rentals and what action is proposed to be taken by the Director on their behalf?

(8) Is it a fact that Superintending Engineer, No. 1 Project Division, has permitted contracts to be given to one of his Ex-Engineers in his division? If, so is this procedure in accordance with Public works Department Rules?

(9) What stores have been purchased through the India Office and what stores are purchased direct by the Development Department?

(10) Why recently no such information is being placed before the Committee? Are no purchases made from abroad?

For the more recent stages of the controversy between the Chamber on behalf of the public and the Government we would refer to the Interim Report of the Advisory Committee issued in 1925 and in pursuance of which it was decided to stop work on the East Colaba Reclamation. Mr. Manu Subedar, the representative of this Chamber, was largely instrumental in bringing the Advisory Committee to see that this was the wisest course.

A Sub-Committee of the Advisory Committee was then appointed to go into the financial aspects of the Back Bay scheme. It was composed of Sir Lawless Hopper, Messrs. Delves, Aiyar and Manu Subedar the last being the representative of this Chamber. The three official members tried put the best face possible on the state of things but were compelled to admit that,

"the financial result, if the assumed conditions as regards disposal could be realised, would be to reduce the debt at *present values* to Rs. 335 or 337 lakhs. * * * *. Even if the period of disposal is extended to 35 years the resulting debt at *present values* would be Rs. 455 lakhs which would still be substantially below the Rs. 488 lakhs that would be lost if the works were closed down now."

They therefore recommended that

"work on the sea wall should be stopped for the present, and all efforts concentrated on the Blocks 1, 2 and 8."

The absurdity of the above calculations will be seen from the following:

(a) They base their calculations on land being taken up to the extent of 60 to 80 thousand square yards a year in lots of 12,000 yards on which blocks of six flats could be built and an yield on capital at 6 % obtained by renting such flats at Rs. 450 a month".

Taking only a sale of 60,000 yards, it means 50 blocks or 300 new flats to be let out every year at Rs. 450 per month each. That gentlemen conversant with conditions in this City should assume that there would be 300 additional tenants year by year capable of paying Rs. 450 a month passes the comprehension of my Committee as they consider it palpably absurd.

(b) These gentlemen talk of *present values* of the loss. This is an ingenious attempt to tell the public that the loss is after all only of a few crores, but the argument is most misleading. The following examples will make this clear :—

If there was a debt of 100 crores payable at the end of 60 years and no interest is payable on it year by year and money could be invested at 6 %, then paying only Rs. 3.03 crores its present value will wipe off this debt. If, however, the debt is 100 crores and in-

terest has to be paid on it, then the liability remains full 100 crores unless the debtor can find sufficient money not only for interest but something also against the principal. The absurdity of this talk about present values could be better appreciated by the lay mind if we mention the familiar instance of only one penny being laid out at 3 % compound interest in the first year of the Christian Era. The total is so enormous that the present war debt of Great Britain is a mere bagatelle to it, but it is no satisfaction to the British taxpayer to tell him that he need not worry and that he has only to figure to himself that the British Treasury only lost a penny nineteen hundred years ago. We need not go 1900 years back. A debt of 1000 crores today would have a present value of less than Rs. 1,00,000 in the year 1726 on 6 % basis, but to say that the public debt of India is insignificant because two hundred years ago it would have had a present value of only a lakh of rupees would be absurd.

Our representative, Mr. Manu Subedar, has taken the correct line and shown firstly that there was no warrant whatsoever for assuming that 300 additional new flats could be let in Bombay year by year at Rs. 450 a month and that apart from the period assumed the actual total loss to the Presidency will run into an enormous sum.

It was this exposure of the whole affair, largely due to the efforts of the representative of this Chamber, that has compelled the local Government to see the error of its ways, but work is still being carried on in spite of public opinion and it will be upto the present Enquiry Committee to recommend that the work be shut down altogether and an end put to further losses.

My Committee submit that the disastrous situation in which this Presidency now finds itself is very largely, if not solely, due to the vaulting ambition of Sir George Lloyd; the then Governor of Bombay, who thereby wanted to leave a monument of his regime in Bombay. In spite of the fact that exactly similar activities of the Port Trust, the Improvement Trust and the Municipality were controlled by Statutory bodies created for the purpose, the Development Department was made a Reserved subject solely to avoid any interference.

with his plans and kept what was going on from the searchlight of public criticism, and requests to create a controlling body and to make this a Transferred subject in order to bring it in the purview of the Legislative Council were repeatedly turned down. Even criticism in the Advisory Committee was resented and information which could have exposed irregularities was withheld.

We have quoted earlier the assurance of His Excellency that Government considered it their duty to secure the best talent. Your Committee may very well inquire what attempts, if any, were made to find out the most competent Engineers when Sir George Buchanan was appointed and who else were in the running and where they were found inferior or whether it was a job given by Sir George Lloyd to a personal friend.

My Committee are emphatically of opinion that if a controlling body had been created containing representatives of various bodies, their business knowledge and experience would have made them pause as soon as the 367 lakhs of Sir Geirge Buchanan had to be raised to 702 lakhs. They would have considered it essential for the sake of their own business reputation to once more go into the financial aspects of the project and we have not the least doubt that they would have then come to the same conclusion as the Advisory Committee's sub-committee came to in 1925 that the sale of land was very problematical and they would have stopped the work before it was too late. The Government of Bombay did nothing of the sort, because they had already hopelessly committed themselves to the scheme and incurred heavy expenditure on dredgers, etc., months before the sanction even of the Legislative Council. The position taken by them was even more reprehensible in that they had secured the sanction of the Government of India on the basis of the first estimate of Sir George Buchanan of only 367 lakhs and yet did not go up again to the Government of India when it was found that the figure was wrong by as much as one hundred percent. Evidently the local Government was afraid that the Government of India might require the abandonment of this pet scheme of theirs. How far there was here a breach of constitutional practice we must leave it to your Committee to determine.

Not only was the public deluded with the glitter of fabulous profits to be made, but the correctness of their revised (and re-revised) estimates was as emphatically asserted by responsible members of the Government. Thus as recently as 10th March, 1924 the Hon. Mr. Cowasji Jehangir said emphatically that

> "the land when it was first ready for sale would cost Government Rs. 28 a square yard was a statement he repeated on that day and that he hoped he or his successor could repeat with confidence when the Reclamation was completed".

The Report of even the majority of the Advisory Committees' sub-committee is a sad commentry on this ! !

Misrepresentation was kept up to the last because it was in February, 1925 that Mr. Baptista on the eve of the first Interim Report, was assured that all was well in these terms,

> "In regard to the possibility of financial loss expenditure has upto date approximated closly with the forecast".

Without any hint of the important fact that the work completed for this amount of money was far below anticipations.

It was by such continual misrepresentation of the true state of affairs that work was kept up on the Back Bay Reclamation all these years and it might still have gone on for years to come involving this Presidency in further heavy liabilities but for the exposure the representative of this Chamber forced on them. It is for your Committee to consider what recommendations they should make to the Government of India to prevent a repetition of similar happinings in future.

My Committee also strongly feel that the Government of India cannot rightly absolve themselves of all responsibility in this sad imbroglio. If they had not lightly permitted or overlooked the breach of constitutional safeguards and if they had insisted on the matter being submitted to them when the original estimate was found 100 percent too low, the scheme could have been thrown overboard at a very early stage and the loss to the taxpayer of this

Presidency would have stopped at a far smaller sum than they are now faced with, and my Committee consider that the least that the Government of India can do is to advance the sum now estimatted to be definitely lost as a loan to this Presidency without interest and repayable in, say, 60 years.

(Sd.) J. K. MEHTA,
Secretary.

1-16-8-1926.

APPENDIX 61.

RECOMMENDATIONS OF THE INDIAN ECONOMIC ENQUIRY COMMITTEE.

No. 4374/D. Bombay Castle, 26th May 1926.

From the Government of Bombay, Finance Department to Chamber.

I am directed by the Governor in Council to forward a copy of the Report of the Indian Economic Enquiry Committee, together with a copy of a letter received from the Government of India on the same subject and to request that Government may be favoured with the *views* of your Chamber on the Majority and the Minority recommendations in the Report. And I am to request that when framing its views your Chamber will bear in mind the estimate of *cost* given on page 60 of the report, namely, for this Presidency an annual recurring cost of Rs. 4½ lakhs and an initial non-recurring cost of Rs. 2½ lakhs. And these figures should be read with the comment of the Government of India, in the third paragraph of their letter, that "for the work contemplated the estimate seems exceedingly low."

2. In conclusion, I am to say that it will be much appreciated if your views are furnished as early as possible, within three weeks at the latest.

GOVERNMENT OF INDIA.

FINANCE DEPARTMENT.

From,

The Hon'ble Mr. A. C. Mc.Watters, C. I. E., I. C. S.,

To,

All Provincial Governments.

Subject:—Report of the Indian Economic Enquiry Committee.

Sir,

I am directed to invite your attention to the Report of the Indian Economic Enquiry Committee, copies of which have already been forwarded to you. The record of the evidence of witnesses, which is being separately printed, will be forwarded as soon as available. The appointment of the Committee was, as explained in the first chapter of their Report, the Resolutions passed in both chambers of the Central Legislature. The reference to the Committee embraced not only an examination of the material at present available for framing an estimate of the economic condition of the various classes of the people of British India and a report on its adequacy but they were asked to make recommendations as to the best means by which the existing material might be supplemented and as to the basis on which a general economic survey should be carried out.

2. The Report of the majority of the Committee may be said to fall into two distinct parts. The first deals with general statistics other than production, which as the Committee admit, are more or less complete. With reference to these they make a number of detailed suggestions with the object of their improvement and extension, most of which are primarily for the consideration of the Central Government. A statement of these recommendations is attached as Appendix A to this letter. In addition however, to their detailed recommendations they make two general recommendations (1) that the further improvement of these general statistics,

so as to bring them into line with up to date statistical systems abroad, might be effected with the aid of a Committee or conference of statistical experts, and (2) that their general recommendation (which will be referred to later) for centralisation of statistics should apply also to the statistics in this class (paragraph 40). The intention of this recommendation is, as shown in paragraph 82, that apart from purely departmental publications, which do not contain any information required for the economic purposes of the Central and Provincial Governments, all publications should come under the technical guidance of a central statistical authority.

On this part of the Committee's report the views of local Governments are invited on such points as concern them in the detailed recommendations and on the general questions mentioned above, the latter of which contemplates a somewhat closer control, than exists at present, over Provincial publications by the Central Department of statistics.

3. The second and more important part of the Committee's Report deals with statistics relating to (a) production and (b) estimates of income, wealth, cost of living, indebtedness, wages and prices, the object of the Report being to recommend an organisation for the collection and publication of statistics of this class which should constitute a survey of the entire economic fabric of the country. The organisation proposed consists *first*, of a Central Bureau under the Government of India, with a Director of Statistics and 2 Assistants (a third Assistant being employed periodically for the work of census of population) and necessary clerical staff. The additional cost to the Central Government is estimated at Rs. 75,000 per annum, plus Rs. 1 lakh for initial equipment and Rs. 25,000 quinquennially for periodical surveys. This estimate (which for the work contemplated seems exceedingly low) will be examined separately by the Government of India. Secondly, Provincial Bureaux in each Province, with which should be amalgamated existing labour offices where they exist. At the head of each Bureau would be a Provincial Statistician (who might in some Provinces combine the duties of the Director of Land Records), one Assistant for Headquarters and a

number of Assistants (usually one for each Revenue division) for district work. Under each Assistant would be,

(1) 20 to 25 Inspectors (whose number might be reduced to 10 or 12 after 2 years) for collection of production statistics. These inspectors would, in fact, work under the control of the Revenue Department subject to the guidance of the Assistant Statistician, and their duties would be to collect data regarding forms of production which are not supplied direct by departments. They would work in close association with local agencies, such as Co-operative Credit Societies and Panchayats. (Paragraphs 88 to 91).

(2) 15 to 18 investigators who would ordinarily be graduates, undergraduates or retired revenue officers who would be engaged on intensive enquiries into wealth, income etc. These would form part of the statistical establishment, though associated in some degree with the Revenue establishment. It is contemplated that each investigator would be able to deal with 12 villages a year in rural tracts and 600 families a year in urban tracts, so that in 5 years data would have been collected for 20 per cent., of the town population and 12½ per cent. of the rural population. (Paragraphs 93 to 96).

A special staff of Tahsil-clerks, would also be required for the compilation of statistics of agriculture and other miscellaneous products (Paragraph 92).

Thirdly, Advisory Boards of Economic Enquiry are contemplated for each province, while the present publicity advisory Committee of the Central Government would be expanded by the addition of two official and two non-official members with statistical experience to form a Central Advisory Board. It is suggested that non-official members of these Boards should be paid a fee for attending the meetings at all events for the first few years (Paragraphs 86 and 87).

The cost of these proposals to Provincial Governments has been worked out by the Committee roughly on a population basis and is estimated for all provinces as Rs. 56. 59 lakhs per annum in addition to 30. 61 lakhs for initial equipment, which would be spread over the first 2 years.

4. The general object for which this organisation is recommended is, as explained in paragraph 70 of the Report, that the entire economic fabric of the country should be closely sifted by a survey. For the purpose of this survey the Committee accept, with minor modifications, the division into 12 occupational classes adopted at the last population census and for the larger economic zones the provincial natural divisions adopted in the Census Report of 1921. The survey will concern itself with statistics (a) of production and (b) of income, wealth etc. Statistics of production will be collected under seven main heads :—(1) Agriculture. (2) Pasture and Dairy Farming (3) Forests (4) Fisheries (5) Mines (6) Large industries and (7) Cottage industries. For large industries the annual statistics will be supplemented quinquennially by a detailed census of production. For production of all kinds the figures will be obtained through Government Departments by means either (a) of the existing agency or (b) of the additional special staff of inspectors already referred to. A summary is attached as appendix B to show in more detail what the Committee contemplates under the various production heads.

Statistics of income and wealth etc will be obtained by intensive studies carried out by the special investigators and the results will be included in the summary and published from year to year with the annual provincial statistics (Paragraphs 76 to 78). Special enquiries will also be undertaken on special subjects by the investigation staff (which may be strengthened for the purpose) on any subjects of local importance which may be prescribed by the local Governments from time to time, such as fragmentation of holdings unemployment among the middle classes, condition of the depressed classes and unemployment in rural areas.

The enquiries of the investigators will include estimates of collective private wealth and national wealth. Additional detail as to what the Committee propose in respect of estimates of income and wealth is given in Appendix C.

5. It will be clear from the above summary of the organisation proposed and the scope of its activities, that local Governments are most intimately concerned both financially and in regard to the practical working of the proposals. They are further concerned in *two general* proposals which are made by the Committee (1) that all work in connection with statistics should be co-ordinated and centralised and that the statistics of all the Departments, both of the Central and Provincial Governments should be brought under the supervision of one central authority who should be the adviser of Government in statitical matters: and (2) that there should be a census and Statistics Act the main object of which will be to place the whole organisation on a legal basis and to empower officers to demand the supply of information under legal penalties guarantees being provided against disclosure of information (Paragraphs 82 and 83).

6. The Minority Report by Professor Burnett Hurst while dissenting from some of the principles and most of the details of the Committee's recommendations, contemplates the organisation of a Central Statistical Bureau and of Provincial Bureaux. He would abandon the idea of carrying out enquiries into individual wealth, but recommends (a) a series of intensive enquiries by the collection and analysis of a large number of family budgets under the supervision of Provincial Boards of Economic Enquiry who will employ special investigators, quite distinct from the official statistical establishment and (b) the collection of statistics of production, wages and prices by the extensive method through the agency of the department or branch of administration with which the statistics are associated, under the control of the Central and Provincial Bureaux of statistics; *e. g.*, the statistics of agriculture would be taken over by the Department of Agriculture and statistics of production of small

scale industry would be collected by the subordinate staff of the present departments of industries or the Co-operative Departments or by a special staff of investigators working under these Departments. Professor Burnett Hurst supports the proposal for a detailed census of production of large industrial establishments quinquennially and for a quinquennial wage-census. He considers, however, that the necessary powers of compulsion can be granted to the Statistical Bureaux by amending the Factories Act instead of introducing special legislation.

Professor Burnett Hurst estimates that the cost of the Provincial Bureaux, where no labour offices at present exist, would be about one lakh of rupees per annum for each Province, but he attempts no estimate of cost of the intensive and extensive enquiries recommended, which he would leave on an elastic basis depending on the extent of the enquiries which each local Government or which the Provincial Boards of Economic Enquiry decide to undertake.

7. The Government of India feel sure that local Governments will appreciate the underlying object of this Report which is to improve the standard and extend the scope of the statistical material available for an estimate of the economic condition and resources of the country and will share their desire to give effect to any practical proposals which will contribute to this object and which can be undertaken at a reasonable cost. But in view of the financial considerations involved and of the necessity for co operation, between local Governments and the Central Government in any measures which may be approved, and in view also of the important administrative considerations implied in proposals such as those for the estimate of individual wealth by a staff of investigators and for legislation to make compulsory the supply of information to the Government Statistical Department, they desire in the first instance to invite the views of Local Governments upon the proposals of the Committee, both in the Majority and Minority Reports, before taking any farther action and at the present stage they refrain from comment upon the details regarding which the Local Governments

will in most instances be in the best position to advise. They would be glad if the views of the local Government could be forwarded to the Government of India at their earliest convenience.

I have the honour to be,

Sir,

Your most obedient servant,

(Sd.) A. C. McWATTERS,

Secy. to the Govt. of India.

No. C-4299-F.

Copy forwarded to the Department of Commerce, Department of I. and L. Department of E. H. and L. Home Department Foreign and Political Department, C. B. R.

By order, etc.

(Sd.) A. C. McWATTERS.

Secy, to the Govt. of India.

APPENDIX A.

General Statistics other than production.		Page.
1. Report of Joint Stock Companies.	Should contain information regarding the dividends declared.	26
2. Statistical Abstract ...	Should contain statistics relating to Insurance Cos. for purposes other than Life Insurance.	26

3. Internal Trade Returns	... Should be revived and brought into line with the more up-to-date statistics of countries like the U.S.A.	31
4. Sea-Borne Trade and Navigation Accounts	Figures as to the crew employed, especially on ships plying in coastal waters should be published.	94
5. Other Transport	... Suggests that in addition to figures for carts, which are taken along with the cattle census, figures of motor and all other forms of transport, including boats should be collected and published.	35
6. Roads and navigable canals.	Information regarding length of metalled and unmetalled roads and navigable canals, now maintained by Provincial authorities should be put together for the whole of India.	36
7. Posts and Telegraphs	... Figures relating to wireless messages and broadcasting stations might be published in annual Reports of Posts and Telegraphs Department.	37
8. Education	... Information relating to libraries museums, zoological and botanical gardens and learned societies might be collected and published in the statistical Abstract.	38

APPENDIX B.

Statistics of Production.

General recommendation.		That complete statistics of production including the total value of production, should be collected, if it is possible to do so at a reasonable cost.	41
		The best method would be by improving and amplifying the existing agricultural statistics, and where a subordinate revenue agency exists, no other agency for compiling the information can be usefully substituted for it.	44
		What is necessary is to improve the statistics of yield where necessary and to convert the quantities into values.	45
2.	Condition of crops. ...	System of ascertaining condition of crops in force in the Punjab is recommended and could be further improved.	48
3.	Standard yield and crop experiments.	The number of crop experiments, on which standard yield is based, should be considerably increased and should be extended to minor crops as well.	50
		It is for each Provincial Government to decide what methods its officers should adopt for increasing the number of crop experiments performed from year to year.	

4.	Fruit and Vegetables ...	Valuation of fruit and vegetables should be included.	51
5.	Valuation of Produce ...	System outlined for making calculation of value, village by village.	52
6.	Review of agricultural production.	If above system is employed a periodical census of agricultural production is unnecessary, but a review of agricultural production might be made quinquennially on the basis of the annual returns.	53
7.	Tracts under permanent settlement.	The collection of figures of agricultural production presents special difficulties in permanently settled areas (*i.e.*, Bengal, Bihar and Orissa, also ⅓ of Madras and parts of the United Provinces and Assam). No definite suggestion is made, but steps which are already being taken by some Governments should be persisted in until the statistics of agricultural production are placed on a par with those of ryotwari Provinces as regards reliability of the outturn and values of the crops raised.	54
8.	Cattle census and pastoral products.	Should if possible be held annually everywhere, as in Burma and the Central Provinces, and should include figures for various animals specified and for production, quantity and value of different pastoral products.	55

9.	Forests	...	The methods employed in other provinces for recording forests produce should be applied in Burma. Figures regarding production from private forests should be obtained, so far as possible through the Revenue Department and published.	
10.	Fisheries	...	Existing statistics are incomplete. Should aim at ascertaining amount and value of total catch in both inland and sea fisheries, and in respect of special fisheries such as chank, pearl and oyster fisheries. Organisation suggested, in addition to the Fisheries Department where one exists, and collection of data in regard to big cities, is the revenue agency supplemented by the Inspectors who may be appointed for ascertaining the production of cottage industries and other forms of miscellaneous production.	57
11	Minerals	...	The information at present collected through the Chief Inspector of Mines should be supplemented for all mines which are not dealt with by the Department of Mines including indigenous mining, the statistics being collected by the Revenue Department under instructions	58

		from the Chief Inspector of Mines. The information required should be quantity and value of minerals produced, the number of persons employed and value of other material used up, including fuel consumed or power employed.	
12.	Large scale Industries ...	In respect of all large-scale industries statistics should be collected through the Department of Industries and published annually in respect of :— (*a*) Quantity and value of manufactured goods. (*b*) Quantity and value of raw material used up in production, (*c*) Added value of manufacturers. (*d*) Value of fuel or power used, (*e*) Number of employees. A regular census of production of large industries should be taken quinquennially. Legislation will be necessary for the census of production for large scale industries.	59
13.	Cottage Industries ...	An estimate of the quantity and value of the total annual production of cottage industries should be ascertained with the estimated value of raw material used up also number of persons employed wholly or partially in such industries number and kind of machinery, etc.	60

APPENDIX C.

Statistics of Income and Wealth, etc.

1.	Income tax returns ...	In the income tax returns greater details of the sources of income i. e,, of the business, profession or occupation from which it is derived, may be given.	62
2.	Investigations as to income.	General investigations as to income should be carried out every year for small typical areas, in both urban and rural tracts so as to enable eventually estimates of income of classes and administrative units and distribution of income between production and services and between property and services to be worked out.	62&63
3.	Investigation of wealth...	Estimates of local collective wealth should be prepared from outset by the "inventory method" for villages, town and cities, by evaluating area of land, number of houses and cattle, rough estimate of furniture and implements, etc. Estimates of public wealth should be included. Whenever possible intensive house to house enquiries should be made by investigators.	64
4.	Cost of living ...	The existing information on the subject should be supplemented by the preparation of	65

			cost of living index numbers for working classes in the principal industirial centres and index numbers based on familly budgets of typical families of other classes.	
5.	Indebtedness	...	Intensive studies should be made and results published regarding extent of indebtedness of various classes and tracts causes of indebtedness rates of interest and sources of of loans.	66
6.	Wages census	...	Suggests a quinquennial wage census and anual wage returns.	67
		—	See appendix 7 and chapters VII, VII and IX.	69
7.	Prices	...	The collection of prices should be placed on a comprehensive basis. Wholesale prices should be collected fortnightly in respect of all agricultural products in each district at the principal market towns. Retail prices should be collectod weekly from the principal towns in each province and published as at present. There should be honorary correspondents for reporting both kinds of prices. Both wholesale and retail prices should be published collectively for the year, both provincially and centrally.	

No. T. 1318 dated 24th, June, 1926.

From Chamber to the Government of Bombay Finance Department, Bombay.

I am directed to acknowledge your letter No. 4374-D, dated 27th May 1926. This was placed before my Committee. My Committee would welcome any strengthening of the Department of Statistics of the Government of India with a view that the work, which is being done now, should be expanded for compilation and dissemination of useful statistics. My Committee, however, cannot agree to the network of bureaucratic organization, which is proposed for the collection of miscellaneous statistics on income, wealth, cost of living, indebtedness, wages and prices If such statistics are collected at the enormous cost with the organization projected by the Committee, in themselves they would not constitute "a survey of the entire economic fabric of the country". My Committee think that there is a good deal more to be done after statistics are collected to derive useful conclusions therefrom and to recommend measures for improvement. My Committee are unable to give their support to outlay on the mere collection of statistics on the scale suggested. On financial grounds primarily as well as on other grounds my Committee therefore would ask Government not to go at present beyond strengthening the Statistical Department of the Central Government.

APPENDIX 62.

INDIAN TARIFF BOARD (COTTON TEXTILE INDUSTRY ENQUIRY.)

No. 454 Bombay, dated the 20th August, 1926.

From Indian Tariff Board (Cotton Textile Industry Enquiry) to Chamber.

I am directed to remind you that this Tariff Board will commence to take oral evidence on Tuesday August, the 24th. The time

which this Board can devote to the taking of evidence in Bombay is strictly limited since it is also to visit many other centres throughout India. It is impossible to arrange a definite programme for Bombay until (i) it is know who wishes to tender real evidence and (ii) written evidence is received, I am to draw your attention to the Press Communique which doubtless you have read and which is also published in the booklet containing the Questionaire. The rules for the submission of both written and oral evidence were clearly explained therein. I am, therefore, to request you to expedite despatch of your written evidence as much as possible and am to add that if you wish to tender oral evidence, you should communicate with me by return of post.

Questionnaire of the

INDIAN TARIFF BOARD.

SECTION I.

General.

1. *Q.*—Do you consider that the present depression in the Cotton Textile Industry is confined to Bombay or that it also extends to Ahmedabad and to up-country centres generally? Does it affect all mills in the same centre alike?
2. *Q.*—To what extent do you consider the depression due to the operation of world factors, of factors special to India or of factors special to a particular locality in India?
3. *Q.*—Do you consider that the causes of the present depression in the industry are of a temporary or permanent character?
4. *Q.*—Do you consider that, unless the present margin between the price of raw cotton and the price of yarn and piece goods increases any mills now working will be compelled to close down?
5. *Q.*—Do you consider that producers of yarn and piece-goods generally (*a*) in Bombay, (*b*) in Ahmedabad and (*c*) in up-country centres with which you are acquinted are at present realising no profit on their sales or selling at a loss?

6. *Q.*—What effect do you consider that a further fall in the price of raw cotton would have on the prosperity of the industry?

7. *Q.*—How far can the present depression in the industry be attributed to lack of confidence in the stability of the present level of prices of raw cotton, of yarn and of piece-goods?

8. *Q.*—How far do you consider that the depression in the industry can be attributed to the fact that the fall in the price of cloth has not corresponded with the fall in the price of cotton and that of other commodities?

9. *Q.*—Do you consider that there has been a fall in the purchasing power of the ryot since the war, and, if so, to what extent has this fall in purchasing power contributed to the depression in the mill industry?

10. *Q.*—Do you agree with the view that, owing to the low prices of gold and silver, consumers prefer to invest their savings in the precious metals and to restrict their purchases of cloth to a minimum?

11. *Q.*—How far can the present depression in the industry be attributed to lack of organisation among the mill-owners generally or in any specified direction?

12. *Q.*—How far has the depression in the industry been reflected in the numbers of mills which have (*a*) changed hands, (*b*) closed down, (*c*) gone into liquidation since 1922 and in that of projected mills in which work has not been started or has been suspended since that date? If you are in a position to give information in regard to a particular mill falling under any of these heads please do so.

Section II.

Nature and extent of competition between imported goods and those of Indian manufacture.

13. *Q.*—How far do you consider that the present depression in the industry can be attributed to the loss of the Chinese market

for yarn? How far do you consider that the heavy fall in the exports of yarn to China since 1917 can be attributed to foreign competition, to scarcity and dearness of freight, to the expansion of the weaving industry in India or to a combination of all these causes?

14. *Q.*—How far do you consider the present depression in the industry due to increasing competition both in regard to quantity and price of imported yarn and piece-goods (*a*) from Japan and (*b*) from other countries?

15. *Q.*—What counts of imported yarn and lines of imported piece-goods compete directly with the production of Indian mills?

16. *Q.*—Please give as complete a range of figures as you can covering as long a period as possible of prices *ex* godown Bombay or Calcutta of imported yarn and piece-goods which compete with yarn and piece-goods manufactured in India. The prices *ex* mill of the Indian manufactures with which the imported goods compete should also be given?

17. *Q.*—Do you consider that any yarns of piece-goods imported from Japan or other countries are placed on the Indian market at prices which would not cover their cost of production in India or at prices which are lower in Indian than those at which they are placed in other markets (excluding freight and duty)? If so, please furnish samples of such yarn or piece-goods if possible with particulars of prices. Can you furnish any evidence to show that such goods are placed on the Indian market at prices which after deducting freights and incidental expenses would not cover the cost of their production in the exporting country?

18. *Q.*—Do you consider that any yarns or piece-goods exported from Japan or other countries are placed on any foreign market at prices which are lower than the cost of production of similar Indian goods *plus* freight and import duty? To what extent, if any, has India lost foreign markets as a result of such competition?

19. Q.—The total imports of yarn of counts under 30s into India in 1924-25 were less than 1·3 per cent. of production of Indian mills. In these circumstances do you regard the competition of imported yarn as a serious factor, and if so, why? Do you consider the percentage likely to increase?

20. Q.—It has been estimated that before the war not more than 3 per cent. of the imports of piece-goods from the United Kingdom competed directly with the production of Indian mills and that since the war the percentage has not been more than 1 per cent. Do you accept these figures? If not, please give your reasons.

21. Q.—It has been estimated that 70 per cent. of the imports of piece-goods from Japan compete directly with the production of Indian mills. Do you accept this figure? If not, please give your reasons.

22. Q.—It has been estimated that 10 per cent. of the imports of piece-goods from countries other than the United Kingdom and Japan compete directly with the production of Indian mills. Do you accept this figure? If not, please give your reasons.

23. Q.—Do you consider the imports of piece-goods into India from the United Kingdom, Japan, Italy or any other country likely to increase, and if so, why?

24. Q.—To what extent do you consider that imported piece-goods from Japan compete with those (*a*) from the United Kingdom and (*b*) from other countries? Do you consider this competition likely to increase in the future?

25. Q.—To what extent do you consider that the competition of imported piece-goods from Japan with the production of Indian mills has been accentuated by the fall in the Japanese exchange? Please give figures in support of your view. Have you any criticisms to offer of the table given in paragraph 57 of the representation of the Bombay Millowners' Association and of the assumptions on which it is based?

26. Q.—To what extent do you consider that the competition of imported goods from countries other than Japan with the production of Indian mills has been accentuated by fluctuations in the exchange of the exporting countries? Please give figures in support of your view. Do you consider that the competition from foreign countries other than Japan is likely to increase in the future owing to the exchange factor?

27. Q.—To what extent do you consider that the competition of imported goods with the production of Indian mills has been accentuated by fluctuations in the sterling rate of the rupee? If the rupee is stablised at 1*s*, 6*d*, what effect will it have on the industry?

28. Q.—To what extent do you consider that the competition of imported piece-goods with the production of Indian mills is facilitated by the difference between the condition of labour in the exporting country and in India?

29. Q.—To what extent do you consider that the competition of imported piece-goods with the production of Indian mills is promoted by direct or indirect State assistance to the industry in the exporting country? Are you in a position to give any specific information on this point?

30. Q.—Do you consider that the competition of imported piece-goods with the production of Indian mills is in any way assisted by special facilities in the matter of credit obtained by the exporting houses in their own country or offered by them to buyers in India?

31. Q.—How far do you consider that the competition of imported piece-goods with the production of Indian mills is facilitated by greater attention paid by exporters to the requirements and preferences of Indian middlemen and consumers in regard to such matters as quality, finish and packing?

32. Q.—Has there been any marked change in the quality of piece-goods imported into India of recent years from Japan or any other country?

33. Q.—Can you give any specific instances in which any line of Indian yarn or piece-goods has been ousted from or seriously handicapped in the home or foreign market or any part of it by imports from Japan or any other country?

34. Q.—Do you consider that there are any signs of a growing preference on the part of Indian consumers for finer qualities of cloth than those ordinarily produced in Indian mills and that this preference is working to the disadvantage of Indian mills as compared with their competitors?

SECTION III.

Internal Competition.

35. Q.—To what extent, if any, do you consider that the extension of mills and the establishment of new mills in up-country centres have affected the prosperity and future prospects of the industry (*a*) in Bombay and (*b*) in Ahmedabad?

36. Q.—What advantages, if any, do you consider that Bombay mills have over mills in Ahmedabad and up-country centres?

37. Q.—Can you give an estimate of the relative advantages that mills in (*a*) Ahmedabad and (*b*) any up country centre with which you are acquainted have over mills in Bombay owing to (*a*) proximity to large up-country markets, (*b*) proximity to coal fields, (*c*) proximity to sources of supply of raw materials?

38. Q.—To what extent does the hand loom industry compete with the mill industry? Has there been any change in this respect of recent years?

39. Q.—Can you furnish any information as to the extent of the production of hand spun yarn and hand loom piece-goods?

SECTION IV.

Mill Manngement.

40. Q.—The British Safeguarding of Industries Act lays down *inter alia* that no order shall be made under Part I unless

it is established that the industry manufacturing similar goods in the United Kingdom is being carried on "with reasonable efficiency and economy." Do you consider that this criterion is satisfied by the industry (*a*) in Bombay and Ahmedabad and (*b*) in India generally ?

41. Q.—Please state your views in detail on the managing agency systems. If you consider the system defective, please state in what way you regard it as defective. Do you consider any efficient substitute for the managing agency system possible ?

42. Q.—Is the system of remuneration to Managing Agents by commission on profits or that by commission on production the more common ? Which do you considsr preferable ?

43. Q.—In addition to remuneration by commission on production or on profits do Managing Agents also receive an allowance for office expenses and commission (*a*) on purchases of cotton, (*b*) on purchases of machinery mill stores and coal, (*c*) on sales of cotton, (*d*) on sales of yarn and cloth and (*e*) on insurance, advertisement or other activities ? Where the commission is on production does the agency agreement usually provide for a minimum commission irrespective of profits.

44. Q.—Is the Association of Managing Agents with any other classes or kinds of business common and, if so, do you consider it is in any way detrimental to the interests of the industry ?

Section V.

Mill Finance.

45 Q.—To what extent can the present depression in the industry be attributed to the over-capitalisation or the under-capitalisation of the mills in Bombay, Ahmedabad and up-country centres ?

46. Q.—To what extent can the present depression in the industry be attributed to extensions of mills and replacements of machinery undertaken when prices were at their highest ?

47. Q.—Do you consider that there was an unduly liberal distribution of profits by mills between 1917 and 1923? If so, please give figures in support of your view and state whether you consider that the present depression in the industry can to any extent be attributed to this cause.

48 Q.—Have you any criticisms to offer of the way in which mills have obtained their capital, i.e., of the way in which it is divided between (*a*) ordinary shares, (*b*) preference shares, (*c*) debentures, (*d*) loans, (*e*) reserve fund and (*f*) depreciation and other funds?

49. Q.—Have you any criticism to offer of the way in which mills obtain their working capital? To what extent is the system of obtaining this capital by means of short terms loans from the general public prevalent (*a*) in Bombay, (*b*) in Ahmedabad and (*c*) in up-country centres? Do you consider this system a sound one?

50, Q.—How far is it the practice of the mills to invest funds in allied concerns? Do you consider this practice a sound one?

51. Q.—Do mills now experience greater difficulties in obtaining finance than in pre-war years? If so, to what extend has this contributed to the general depression in the industry?

52. Q.—Can you give any information as to the rate at which money is borrowed by the industry in Indian and in Japan?

SECTION VI.—COST OF PRODUCTION.

(*a*) *General.*

53. Q.—What size do you consider a mill with both spindles and looms should be in order to ensure the most efficient and economical working? Can you give an approximate estimate of the capital required is pre-war conditions and at the present time to establish such a mill (*a*) in Bombay, (*b*) in Ahmedabad and (*c*) in up-country centres? Can

you give an idea of the approximate cost per spindle of establishing such a mill in 1914 and 1926 respectively in India as compared with the United Kingdom and Japan?

54. Q.—Are mills generally (*a*) in Bombay, (*b*) Ahmedabad and (*c*) up-country centres of a size, type and lay-out conducive to economical working?

55. Q....To what extent do you consider that the efficiency of Indian mills is hampered by the use of old machinery?

56. Q.—Please give for any mill in regard to which you are in a position to give such information a statement in the form attached as Appendix A of the costs of production in pies per pound for one pound of grey yarn of 20s counts and for one pound of standard grey calendered long cloth. For purposes of comparison the figures should be given for 1913, 1914, 1920, 1924 and 1925 (if available).

57. Q.—In which of the elements making up the cost of production do you consider Indian mills are at a special disadvantage as compared with their competitors.

58. Q...In which of the elements making up the cost of production are mills in Bombay at an advantage or disadvantage as compared with mills in Ahmedabad and up-country centres?

59. Q.—To what extent, if any, are the costs of production in Bombay as compared with those in Ahmedabad and up country centres affected by the greater humidity of its climate? To what extent does the provision of humidifiers add to or lower the cost of production?

N.B....The exact period covered, where this differs from the Calendar year should be stated. The counts of warp and weft used for and the reed and pick of the standard long cloth should also be stated.

(*b*) *Raw Material.*

60. Q.—Please describe in detail the methods adopted by the mills in purchasing raw cotton (*a*) in Bombay and (*b*) in the cotton districts. Please state how these differ from those adopted in Lancashire and Japan.

61. Q.—How far do you consider that speculative purchase of (*a*) spot cotton and (*b*) cotton futures have contributed to the present depression in the industry? Can you suggest any method by which the element of speculation in such purchases could be reduced?

62. Q.—It has been frequently stated that the prices at which cotton is purchased by Indian mills are often higher than the prices paid for cotton for export. Do you consider this statement correct? If so, can you give any information as to the margin between the two prices? Can you suggest any reason why there should be such a margin or any means by which it can be avoided?

63. Q.—To what extent can the present depression in the industry be attributed to the purchase of cotton at prices higher than those now prevailing?

(*c*) *Labour.*

64. Q.—The Bombay Millowners' Association hold that "the main factor which has contributed to the present increased cost of manufacture is the higher remuneration given to labour for a smaller unit of work as compared with pre-war years." Do you accept this view? How far does it also apply to Ahmedabad and up-countries?

65. Q.—Do you consider that there was an unduly liberal distribution of bonuses to operatives between 1918 and 1923? If so please give figures in support of your view and state whether you consider that the present depression in the industry can to any extent be attributed to this cause?

66. Q.—To what extent, if any, did (*a*) spinning and (*b*) weaving production suffer as a result of the reduction in the hours of labour in 1922? Please give comparative figures for 20s. yarn and standard grey calendered long cloth before and after the reduction.

67. Q.—Please state for any mill with which you are acquainted :

(*a*) the number of spindles in the ring frames, the lift of spindle and number of ring spindles per competent spinner ;

(*b*) the number of looms per competent weaver ;

(*c*) the total operatives in the Spinning Department per 1,000 spindles up to and including reeling and the average counts spun ;

(*d*) the total operatives in the Weaving Department per 100 looms for grey and coloured goods respectively.

Please explain in detail how you have arrived at your figures.

68. Q.—Please give the rates of wages paid in the Spinning and Weaving Departments of any mill with whichyou are acquainted with particulars of any changes in these since 1914.

69. Q.—Please state the average spinner's wage per pound of 20s. yarn and weaver's wage per pound of standard grey calendered long cloth produced for any mill with which you are acquainted.

70. Q.—To what extent do you consider the textile industry in India is hampered in comparison with its competitors by the inefficiency of Indian labour? How does the efficiency of labour in Bombay compare with that in Ahmedabad and in up-country centres?

71. Q.—What is the percentage of absenteeism (a) in Bombay, (b) in Ahmedabad and (c) in any up-country mill with which you are acquainted? How far does the percentage of absenteeism vary from day to day in the week and how far is the variation seasonal? Is the percentage larger amongst female than amongst male operatives? To what extent do you consider that absenteeism could be reduced by the grant of good attendance bonuses and other privileges? Are such bonuses commonly granted?

72. Q.—How far does the "budli" system affect the efficiency of labour?

73. Q.—Can you furnish an estimate of the rate of labour turnover in the cotton textile industry (*a*) in Bombay, (*b*) in Ahmedabad and (c) in up country centres?

74. Q.—How far are mills in Ahmedabad and in up country centres at an advantage or disadvantage over those in Bombay in regard to the continuity of labour supply? To what extent do you consider that continuity by the grant of long service bonuses and the institution of provident funds? Are such bonuses and provident funds common?

75. Q.—To what extent do mills, in Bombay, Ahmedabad and up-country centres house their labour and what return do they get on the capital invested in such housing? Do you consider that improved housing conditions would result in any improvement in the efficiency of labour? How far is it possible to secure such conditions in Bombay and Ahmedabad?

76. Q.—What are the present facilities for technical education (a) for operatives, (b) for supervising staff? To what extent is use made of these? To what extant do you consider that the efficiency of labour could be improved by increasing them?

77. Q.—The Bombay Millowners' Association express the view that wages in the cotton textile industry are higher than those generally prevalent in any other industry in India. Do you accept this view? If so, please give facts in support of your opinion.

78. Q.—Has there been any marked change in the standard of living of operatives since the war?

79. Q.—Do you consider that there is any scope for a reduction in the labour costs in mills in India by the introduction of automatic looms or of other labour saving appliances? Would any such reduction be more than counterbalanced by additional expenditure in other direction?

80. Q.—Do you consider that there is any reasonable prospect of securing a reduction in labour costs in the near future by training operatives to tend more spindles or looms? Has there been any improvement in this respect in recent years?

81. Q.—Do you accept the figures given in paragraph 129 of the Bombay Millowners' representation in regard to the saving in the cost of cloth as a result of working double shifts? Can you furnish an estimate of the saving that would be secured by double shift working for any mill with which you are acquainted?

82. Q.—Would it be possible or advisable to introduce double shift working in mills (*a*) in Bombay, (*b*) in Ahmedabad and (*c*) in up-country centres?

83. Q.—To what extent, if any, has legislation in recent years affected the cost of production? Please give full details under each head as far as possible.

(d) Overhead Charges.

84. Q.—The Bombay Millowners' Association in their representation have supplied full details of the local taxation imposed in

Bombay. Please supply similar details for any up-country centre with which you are acquainted.

85. Q.—For what purposes is insurance effected by the Indian mills? Do you consider the present position in regard to the amount of insurance and the methods of effecting it satisfactory?

86 Q.—What do you consider the correct percentage which should be allowed for depreciation and how should the depreciation fund be utilised? Do you consider that depreciation should be reckoned as a charge on cost of production or as a charge on profits? How far does the ordinary mill practice coincide with your views on these points?

87. Q.—On what principle are the stocks of cotton, mill stores and manufactured goods held by Indian mills valued for purposes of balance sheets? Is there an independent valuation or are the Auditors content with certificates from the Managing Agents?

88. Q.—Is the audit of mill account a running audit or an annual one?

(*e*) *Sales.*

89. Q.—Please describe in detail the different system adopted by the mills in selling their products. Which system you consider preferable and why? Can you give any figures in support of your views?

90. Q.—Is the system of sales on long credit prevalent? What are your views regarding it?

91. Q.—Please give full details of the additions which have to be made at the present time to the prices of Indian and imported yarns and piece goods *ex* mill and *ex* godown respectively to make up their cost to the consumer. How do these compare with those ruling in 1913? Are they the same in all cases for Indian and imported goods?

92. Q.—Do dealers in piece-goods now experience greater difficulties in obtaining finance than in pre-war years? If so, to what extent has this contributed to the present depression in the industry?

(f) Transport,

93. Q.—Please give as full particulars as you can of the freights on cotton from India to the United Kingdom, Japan and Italy and on the cotton from America, Egypt and Uganda to the United Kingdom, Japan, Italy and India.

94. Q.—Please give as full particulars as you can of the freights on piece-goods from the United Kingdom, Italy and Japan to India.

95. Q.—Can you give any instances of descrimination between Bombay, Ahmedabad and up-country centres in the rates of railway freight charged for the carriage of raw cotton, yarn, piece-goods and mill stores inwards or outwards?

SECTION VII.—SUGGESTION AS TO REMEDAL MEASURES.

(a) Suggestions put forward by the Bombay Millowners' Association.

96. Q.—Are you in favour of the proposal that the customs duty on machinery and mill should be abolished? What difference in pies per pound of yarn or cloth produced would this make to the cost of production of any mill stores with which you are acquainted?

97 & 98. Q.—What are your views on the proposal that the Company super tax shuld be abolished?

What are your views on the proposal that the town duty of Re. 1 per bale levied in Bombay should be abolished?

99 & 100. Q.—Can you suggest any improvements in the present railway facilities for the movement of cotton, yarn and piece-goods? Do you consider that any case can be made out for a reduction in the present rates of railway freight charged on cotton consumed by Indian mills and on piece-goods and yarn manufactured in India?

101 Q.—What are your views on the suggestion that the Government of India should negotiate with the steamship companies with a view to reducing the shipping freights from Bombay to Madras, Calcutta, Singapore, Basra, Zanzibar, Mombasa, Port Said, the Levant and all other export markets? Can you give a comparative statment showing the present freights between Bombay and these ports and those which ruled before the war?

102 Q.—What are your views on the suggestion that the Government of India should appoint Trade Commissioners to assist the export trade?

103 Q.—Can you suggest any other measures by which (*a*) those overseas markets for Indian yarn which have been lost could be recovered, (*b*) the present overseas markets for Indian yarn and piece-goods could be extended and (*c*) new markets could be opened?

104 Q.—The Bombay Millowners' Association have suggested the imposition of an additional duty of at least 13 per cent. on yarn and piece-goods imported from foreign countries which compete unfairly with India. Are you in favour of the imposition of such a duty (*a*) on imports from Japan alone, (*b*) on all imports, (*c*) on yarn of certain counts and on cloth of certain qualities? If the last, please state the counts and qualities on which you consider the duty should be imposed.

105 Q.—If you are in favour of such a duty, do you consider that it should be imposed as a temporary or a permanent measure?

106 Q.—Do you consider that the imposition of the proposed protective duty would result in a temporary or permanent increase in the price of all yarn or cloth or only of the yarn and cloth on which the duty was imposed? In either case to what extent would the increased price affect the cost of living of the middle and lower classes?

107 Q.—Do you consider, on the other hand, that the result of the imposition of the proposed additional duty would merely be such increase in sales as might result from the displacement of imported yarn and cloth.?

108 Q.—Do you consider, that the internal competition between Indian mills would operate to restrict the increase in the price of yarn and cloth throughout the whole of India or only in local areas ?

109 Q.—Do you consider that an increased import duty should be levied even if it increases the prices of yarn and cloth to consumers ?

110 Q.—Do you accept the view of the Bombay Millowners' Association that the raising of the import duties to 11 per cent. did not raise the price of cloth or check its consumption ? If so, please give figures in support of your views.

111 Q.—Do you consider that an increase in the duty on imported yarn and cloth would act as a restriction on the consumption of yarn and cloth ? If so, do you consider that this would be in the best interests of the mill industry in view of the fact that the figures in paragraph 121 of the representation of the Bombay Millowners' Association show that exclusive of the production of hand looms the cloth available for consumption in India in 1924-25 was still 638 million yards below the figures for 1913-14 in spite of the increase in population in the interim ?

112 Q.—To what extent, if any, do you consider that the increase in the duty on imported yarn and cloth would by diverting yarn and cloth from India, unfavourably affect the position of Indian yarn and cloth in overseas markets ?

113 Q.—What do you consider would be the effect on the hand loom industry of the increase in the duty on imported yarn from 5 to 18 per cent ? In this connection, your special attention is drawn to the views expressed in paragraph 116 of the Fiscal Commission's Report.

114. Q.—The Bombay Millowners' Association have asked for the adoption of a scientific tariff by which presumably is meant the adoption of specific duties on yarn and cloth in lieu of *ad valorem* duties. What are your views on this suggestion and how would you propose that such a tariff should be framed (*a*) to maintain the protection given at its present level, (*b*) to achieve the objects desired by the Bombay Millowners' Association?

115. Q.—The Bombay Millowners have asked for additional protection beyond 13 per cent. to enable mills to make the necessary allowances for depreciation to plant and machinery. Do you support this proposal? If so what additional protection do you consider would be required?

(b) Other Suggestions.

116. Q.—Are you in favour of an export duty on cotton? If so, at what figure would you place it? To what extent do you consider such a duty would affect (*a*) the income of cotton growers, (*b*) the area under cotton, (*c*) the price of cotton in India, and (*d*) the price of Indian cotton in overseas markets.

117. Q.—To what extent, if any, do you consider that the imposition of a duty on cotton at the rate you suggest would result in the replacement of Indian cotton in overseas markets by American or other cotton?

118. Q.—Can you suggest any improvements in the banking facilities at present available to the industry?

119. Q.—Do you consider that the position of the industry could be improved by better organisation of the millowners, *i.e.*, by greater co-operation between the mills in such matters as the purchase of cotton, machinery and mill stores, the stats of the finished products, the standardisation of lines and prices or by any other combined action.

120. Q.—How far would progress in spining finer counts, *i.e.*, counts above 30s in India affect the condition of the industry?

121. Q.—Do you consider that it would benefit the mill industry if defferent mills were to specialise to a greater extent than at present on certain counts of yarn or on certain types of cloth? Are mills at present equipped for specialisation?

122. Q.—Do you consider that the mill industry as a whole would benefit by extending its range of production and that, *e. g.*, the Bombay mill industry benefit if it were to pay greater attention to the requirements of the Calcutta market?

123. Q.—Do you consider that greater attention should be paid by Indian mills to bleached, dyed and printed goods, to the utilization of waste and to subsidiary branches of production such as hosiery?

124. Q.—Do you consider that the full effect of the remission of the excise duty has yet been felt?

125. Q.—If there are any causes which, in your opinion, contribute to the depression in the industry other than those mentioned above, please state them with suggestions as to possible remedies.

126. Q.—Can you suggest any methods of assisting the industry other than those which have been referred to in the above questions?

SPECIAL QUESTIONS—FOR THE BOMBAY MILLOWNERS' ASSOCIATION.

1. Q.—In paragraph 130 of their representation the Association have asked for the adoption of "a scientific tariff so that the goods which Indian mills can manufacture and supply to India shall not be open to unfair competition from foreign competitors." Please explain exactly what is meant by a scientific tariff and how the Association consider it should be framed to achieve the object they have in view.

2. Q.—In paragraph 131 of their report, the Association ask for protection in addition to the 13 per cent. proposed in that paragraph to enable mill to make the necessary allowances

for depreciation to plant and machinery. What additional duty do the Association consider should be imposed for this purpose;

8. Q.—Please give an account of the working of the Millowners' Association Mutual Insurance Fund for workmen's compensation and state whether the Millowners' Association has under contemplation any similar scheme for fire and other insurances.

No. T.-1773, dated the 28th August 1926.

From Chamber to Indian Tariff Board (Cotton Textile Industry Enquiry).

With reference to your letter of the 20th instant No. 434, and in continuation of my letter of the 24th instant, No. T.-1728, I am directed to send to send to you herewith Written Statement of the Committee of this Chamber with regard to your enquiry. My Committee have nominated Mr Lalji Naranji, M. L. C, President of this Chamber, and Mr. Walchand Hirachand, as their representatives for purposes of oral evidene. You will be kind enough to let me know the date and time on which the oral evidence of representatives of this Chamber will be taken by your Board.

Bombay, the 28th August 1926.

WRITTEN STATEMENT OF THE COMMITTEE OF THE INDIAN MERCHANTS' CHAMBER SUBMITTED TO THE INDIAN TARIFF BOARD.

My Committee feel that the most important cause of the present very severe depression in the Cotton Mill Industry is to be found in the exchange manipulations of the past few years in this country in which deflation of currency has been repeatedly attempted, money market made tight, the holding power of both the manufacturers and dealers seriously reduced and the purchasing power of the ryot had

also been considerably affected. We consider that what has happened is that the tightness of money has compelled goods being thrown on the market. This has, in its turn, created falling markets, losses to merchants whether wholesale or retail, and serious curtailment thereby of the capital at their command and to that extent reduced the quantities of goods they ordinarily had in stock for their business. There has been, at the same time, an atmosphere of distrust and want of confidence in the standing and credit of dealers and has tended to withdraw the deposits that such dealers usually hold and at the same time has tended to curtail the credit that such dealers used to get in normal times from their own suppliers. This vicious circle has then extended to the wholesalers or the manufacturers because the falling markets have meant losses to them also and curtailment of their credits and this has led to the curtailment of the financial facilities that they could normally get with the result that there has been an anxiety on their part too to liquidate their holdings as rapidly as possible and turn them into cash. If this position is carefully considered, it will be seen that the monetary position brought about by exchange manipulations had the effect of making the various intermediaries between the consumers and the manufacturers hold as small stocks as possible and work absolutely from hand to mouth and the whole burden of carrying all the stocks of the country has fallen back on the shoulders of the manufacturer. This latter cannot similarly work from hand to mouth; he cannot run his mills to make 50 or 100 bales and then stop if he has been able to sell only that much quantity. If he is to work efficiently and economically he must go on working and the consequence is that with the hand to mouth buying of wholesalers, semi-wholesalers and retailers the stocks in his hands tend to pile up. This again creates a great anxiety on his part to get rid of his own stocks and makes him undercut his neighbour in an effort to get rid of his own goods, even if it means no profit or even some loss, because it is only in this way that he can keep alive, because his own banker scared by the news of losses by all interested in trade refuses to give him even half or a third of the finance that such banker used to give him very readily in more prosperous times and when the price levels

were much higher. The vicious circle then again goes round, because the continual undercutting by the primary supplier viz, the Mills, frightens away even the hand to mouth buyer because he is afraid that he might make further and further losses even on small turnovers. My Committee feel that this is a fairly accurate description of what has happened in the mill industry in the last few years.

This position has been made even worse by the competition of countries whose currency had seriously depreciated because it enables such countries for the time being to continually cut down their prices and place their goods on the Indian Market. This undercutting by the foreign manufacturer has to be met by the local manufacturer, because buyers naturally look for similar reductions in local qualities and consequently the effect of the manipulations of Indian exchange and the depreciation of the exchange of foreign competing countries have a cumulative adverse effect on the industry and have meant continual and heavy losses to all concerned in it to which there seems to be no end. My Committee, therefore, consider that the remedies needed are a stopping of the manipulation of our own exchange and suitable means to counter-act the unfair competition of countries with depreciated currencies.

In the current discussion on this subject, it has been frequently argued that the imports from such competing countries form only a very small percentage of the total consumption in this country or even the total production of local manufactures and that, therefore, thir effects must be negligible. My Committee are of opinion that this view is not in conformity with the experience of and one conversant with the facts of Commerce. It is the experience of all engaged in trade that an excess supply of a few percent reduces prices not by the same small percentage by a far larger percentage, because such excess at once creates an anxiety among suppliers to get in first and secure their own share of such demand as may be in existence. This is why there has been such a serious outcry against the inroads of Japanese competition assisted by their depreciated exchange although the total increased imports will work out to a very small percentage. The Tariff Board, therefore, will have to take this important funda-

mental of Commerce into consideration and not lightly set aside the complaints of foreign competition on the mere ground of the smallness of such competing imports.

There has also been a talk in the recent controversy on this subject of the shortcomings of Indian mill management. My Committee do not claim perfection for Indian management and they feel sure that no such perfection can be claimed for industrial management in either England or Japan, the two countries mostly concerned in the present controversy. This being granted, my Committee are of opinion that the present depression in the industry has nothing to do with efficient or inefficient management, because the bulk of the mills now working have been of long standing with trained and experienced staffs, and the managing agents also are the same in most cases as those that have shown such successful results in the pre-war period. Therefore, my Committee feel that this talk of inefficient management is merely a red herring drawn across the trail to divert attention from the real causes of the present depression. Much has been also made of the systems of managing agents and the remuneration paid to them; but my Committee are of opinion that the managing agency system is a necessary part of Indian industrial development in the conditions as they obtain in the country today and the proof of it is that the managing agent has been found necessary not only in the cotton mill industry but also in wool, jute, tea, etc. The necessity arises from the fact that it is impossible in the present state of banking in this country to find either the share capital at the start or the other finance necessary to run a particular concern, unless it is backed by a firm of substantial resources and standing and it is notorious that managing agents have for the sake of their own good name, if for nothing else, frequently gone deeper in the finance for their concerns than they would have done if they were not managing agents and have thereby not infrequently incurred heavy losses. My Committee think it necessary to insist on this side of the question, because, the man in the street is prone to lay too much emphasis on the fat commissions that the agents draw in good times and to forget their heavy liabilities and not infrequently the heavy losses that these same agents undergo

in times of adversity. My Committee think it extremely doubtful if any board of directors in Manchester or in Japan have made or would ever make the same enormous sacrifices for the concerns with which they are connected that have been made by various managing agency firms in this country from time to time. The manipulations in exchange above referred to and particularly the last stage of it which brought the rupee up from 16d. to 18d. gold, in the past two years have forced on the mill management the necessity of considering a reduction of their labour costs and resulted in the widespread strike of last year. In this strike the employers wanted a reduction of 11½% but their work-people refused to agree to any reduction and a bitter struggle continued for nearly three months and was finally ended by the Millowners agreeing to pay the old wages as they had promised to do if the Excise Duty was removed. The Millowners have been charged by interested parties with trying to squeeze labour in times of adversity while they and their shareholders got fat dividends in times of prosperity. On the other hand there seem to be people who actually charge the cotton millowners with being unduly liberal to their operatives in the fat years and your Board seem to give some weight to this latter charge if question No. 65 is read between the lines. If it is wrong to allow the workpeople to share to as large an extent as possible in the prosperity of the industry, then my Committee are afraid the Millowners will have to plead guilty to the charge. They will have to plead guilty also to the charge of not keeping down the wages of labour to far below the cost of living during the boom years as the Calcutta jute mills have done, but seriously my Committee would put it to your Board: "Is it a crime to allow your operatives to share in your prosperity; is it a crime to increase wages to be more in harmony with the current level of prices; and is that fact to be thrown in the teeth of the Bombay Millowners as a ground for refusing to come to their assistance in their present plight?". My Committee feel that the answer of all responsible statesmen and public men will be in the negative. The question will then be asked: "Why did the Millowners now try to cut down wages by 11½ %?". My Committee would answer that wages had been artificially twisted up through exchange manipulations in the

past two years and the Millowners had no option but to try and bring them down once more to the level of two years ago. Thus a mill which might be paying Rs. 1,50,000 per month in wages in August 1924 was really paying the equivalent of £10,000 to its workpeople. If the same figure is to be paid to-day, it is tantamount to paying £11,250. A cut of 11½ % would have brought down the wage bill once more to £10,000. Your Board will, therefore, see that the cut was absolutely necessary to undo this insidious raising of wages through exchange that Government had brought about in the past two years; the Millowners had arrived at this cut of 11½ % on a study of their own costs, but as your Board will see it was almost exactly the amount needed to restore the *Status quo* as it obtained in 1924 in the matter of their wage bill; and my Committee are very much afraid that this cut – euphemistically called re-adjustment will have to come about in the not distant future if exchange is established at 1s. 6d. as is now proposed, and no corresponding relief given to our industry in the shape of extra import duties as is suggested by the Millowners. My Committee do not wish to enter into details of the working of number of spindles or of looms per head, etc., which are the burden of a great many questions, because they feel that they have been adequately answered by the Millowners themselves in their original representation or their replies to the questionnaire. They would, therefore, now turn to the selling side of the goods produced. Here again, the man in the street rushes to the conclusion that the system of selling agents which prevails in many mills is merely one more way of diverting a part of the mills' profits to pockets that have no right to it and the feeling is that this is all a part of the family arrangement by which the Agents and their friends make huge profits at the expense of the Mills. My Committee, however, beg to point out that this again is a mistaken view. An industry, as such, should only concern itself with industrial problem viz. the most efficient plant and supervise to turn out its products at the lowest economic costs. The industry should devote itself to these problems and should leave the trading part with the trading risks to those who are more capable of bearing such risks by their own training and experience. Otherwise it

may happen that profits made on the industrial side might be wiped off or turned into heavy losses by bad marketing or heavy bad debt liabilities on commercial side. From this point of view, my Committee consider that the division of the work between the industrialist up to the point of production and the selling agents for the marketing side is a feature of the present system which should not be hastily condemned, particularly when it is seen that wealthy agency firms with strong financial resources and experience of years, if not generations, still find it advisable to employ selling agents and put all the burden of the marketing side on the shoulders of such selling agents. The commission paid to such agents in view of the work to be done is none too generous and these selling agents are expected for such commission to not only act as salesmen but also guarantee sales, give such credits as may be necessary to customers and even take up and pay for goods on due date for a particular customer that, although solvent, is unable to do so. In this respect the marketing side of local mills will, my Committee believe, compare favourably with that for imported goods where there are several more intermediaries, and my Committee do not think even the wholesale importing houses work at the low rate of 1 to 1½ percent commission which is the usual remuneration of the selling agents of local mills.

My Committee would like specially to emphasise in connection with question No. 101 that India should have her own mercantile marine which is considered rightly as the very foundation of Commerce and Industries in other countries. Unfortunately, the Government of India have remained indifferent to this question, so much so that though two years have elapsed since the publication of the Report of the Indian Mercantile Marine Committee no action as yet has been taken on that Report by the Government of India. The possession by India of mercantile marine of her own will go a great way towards solving some of her commercial and industrial problems. My Committee agree that Government should carry on negotiations with shipping companies with a view to secure cheaper freights to our foreign markets specified in the question. Such an arrangement will be a great help to the Cotton Textile Industry in the development of its exports.

Coming to the remedial measures put up forward by the Millowners' Association, my Committee would, in the first place, emphasise that the most essential step is such protection to local industry as offsets the practical bounty given to foreign competitors by the Indian Rupee being placed at 1s. 6d. instead of the pre-war rate of 1s. 4d. They further consider it essential that a further duty to the extent of the advantage that depreciated currency gives to the goods imported from such countries should also be imposed. The recommendation does not mean discrimination against any particular country and therefore the *favoured-nation-clause* cannot stand in the way of the necessary remedial extra duty being imposed.

While they put the above in the forefront of the remedial measures necessary, my Committee consider many of the other suggestions of the Millowners' Association worthy of sympathic consideration. They do not attach much importance to the removal of customs duty on machinery and millstores, because so far as the machinery is part of the permanent addition to plants it is a capital cost and the duty on the same will slightly increases the capital cost and will not appreciably affect the dividends that could be paid on such capital. On the other hand, the duty paid on stores will not by its removal bring appreciable relief. As for Company Super-tax, the views of my Committee are embodied in their representation to the Government of India on the 4th August, 1923, and your Board will see that my Committee strongly favour the abolition of this tax. As for railway facilities and charges, my Committee agree with the views expressed by the Millowners. They are also of opinion as aforesaid that the Government of India should take an active interest in securing better facilities and cheaper freights to over-seas markets as is done by other countries who pay any serious attention to the problems of their trade and industries, the most conspicuous being that of Japan. My Committee also consider it the duty of the Government of India to have Trade Commissioners in India's prospective markets who should be Indians and whose duty should be to foster the development of India's export trade with the countries in which each such Trade Commissioner has been placed. Here again the work done by Japan should be an example to this country. My Committee do not wish to

name any particular rate of extra import duty, as they consider that your Board will be in the best position to determine the right figure, provided they look at it as really a problem of exchange as explained in the earlier part of this Statement. Whatever the duties that might be finally decided upon, it will have to continue so long as exchange is continued at 1s. 6d. If the country goes back to the 1s. 4d. ratio, my Committee believe that such extra protection will then be found to be unnecessary.

As to whether any such duty will raise the cost to the consumer, my Committee would point out that cloth is not an article of daily consumption like food and only a few yards per head are needed every year. Therefore, a ten or twelve percent additional duty is not likely to cause any serious hardship, because it will mean a very small additional expenditure if at all. My Committee are aware of the uproar on the Bengal side in the pre-war period against the very high prices for cloth and the distress among the poorer classes, many of whom were said to be unable to get out of their cottages because they had not even a rag to hide their shame, but that incident was really due not to the prices of cloth being so high as to jute (which forms the income crop in those areas) being at unfortunately low level because exports to enemy countries having been prohibited the cultivator of jute was absolutely at the mercy of the jute mill industry of Bengal who made the most of their opportunity and the result was that the jute cultivator got only about Rs. 30 to 36 per bale for his produce against a normal average price of Rs. 60 to 70 per bale and a price of Rs. 140 to 150 if jute had risen in proportion to other commodities. To divert attention from this great inequity the cotton millowner was made the scapegoat and the impression was created that it was he that was squeezing the poor Bengalee cultivator. If Government had taken any steps to prevent the cultivation of jute to a larger extent than was justified by the then restricted demand and if the prices of jute had risen to a parity with the prices of other commodities during the war period as they would certainly have then done, there would never have been any complaint by the jute ryot of the high

prices of cloth. My Committee consider it important to record these facts here as a great deal of capital is made out of it to the prejudice of the cotton millowner of Bombay.

My Committee have said above that the increase of duty will mean only a slight additional expenditure to the consumer if at all. They are in fact of the opinion that there will not be any appreciable addition, because the mill industry is now so extensively developed that it is capable of meeting all demands from the consumer and therefore internal competition between Indian manufacturers may be safely relied on, as in the case of cement, to see that the consumer gets his cloth at a reasonable price. The sales, however, will be larger and the mills may be able to show better profits even with the same average profit per yard. However, even if it meant some increase in the cost to the consumer, my Committee would not grudge it, because the continuance and development of this important Indian industry is a matter which should be of the first concern to every thinking Indian and development becomes impossible and continuance even on the present scale is seriously jeopardised if the industry cannot be worked at a reasonable profit.

My Committee do not fear any check to consumption from the increase in the import duties by a mere ten or twelve percent, because on such check is apparent in the past when the duty has been raised successively from 5 to 7½, and then to 11 percent, and the reason, as already explained above, is that the increased expenditure does not amount to any appreciable sum of money per head. If any such increase diverts foreign cloth from India to other markets, it cannot be to any appreciable extent, because each market has its own predelictions. If, however, such a thing happens, it will mean a larger market for the Indian products in India itself which need not be a cause for regret.

As for the effects of an increased duty on our hand-loom on industry, my Committee consider that if the duty is only imposed on counts below 40, then the hand-looms now largely engaged on finer work will not at all suffer, while those that use the coarser counts will eventually be benefited by the encouragement that such

a duty will give to an increase of such counts in India's own production which will ultimately mean cheaper yarn for the hand-loom industry itself.

My Committee are not at all in favour of an export duty on cotton, as they consider that it is not right to penalise the producer of raw products in order to help the producer of the manufactured goods and they are afraid that any such duty will penalise the producer and give him a much lower return for this produce.

J. K. MEHTA,

Secretary.

APPENDIX 63.

JAIL INDUSTRIES COMMITTEE: GOVERNMENT OF BOMBAY.

D. O. No. 197-III Council Hall, Poona, dated the 14th August 1926.

From the Jail Industries Committee to Chamber.

I am to state that the Government of Bombay have appointed a Committee to examine the position of jail industries in this province, with special reference to a proposal to instal power-driven machinery in one of our jails. The object of this proposal is two-fold, first to teach long-term convicts a trade so that they may be able to earn a livelihood on release, and secondly to supply Government departments so far as possible with articles (principally textile) they require.

The Committee, which will sit in the Council Hall, Poona, from 31st instant to 3rd proximo, would be very glad to hear the views of your Chamber on the subject, and I am therefore to request that if there be no objection a representative may be nominated to attend a meeting of the Committee and give it the benefit of his advice.

The date and time at which his presence is desired will be communicated to him direct on receipt of your reply, which may kindly be sent as early as possible.

No. T. 755 dated the 26th August 1926.

From Chamber to the Jail Industries Committee, Poona.

With reference to your letter of the 14th instant, D. O. No. 197-III, I am directed to inform you that the Committee of this Chamber have nominated Mr. Kisondas Manmohandas Ramji for attending the meeting of your Committee and placing their views before it. A written Statement of my Committee expressing their views will be sent to you shortly. The address of Mr. Kisondas is: "c/o The New Kaiser-i-Hind Mills, Shustary Building, Elphinstone Circle, Fort, Bombay."

Mr. Kisondas desires me to write to you that it will be convenient to him if your Committee can kindly fix Friday, the 3rd September 1926, between 11 a. m. and 12 noon, for his oral evidence.

Dated the 28th August 1926.

Written Statement submitted by the Committee of the Indian Merchants' Chamber to the Jail Industries Committee, Government of Bombay.

The Committee of this Chamber were invited to give their opinion with regard to question No. 9 of the questionnaire of the Indian Jails Committee on the subject of labour for prisoners. My Committee wrote in reply that they were in agreement with the Indian Industrial Commission in thinking that in Jail Industries only manual labour should be allowed. They consider the establishment of power factories inside jails and extensive employment of machinery as undesirable. The views of the Industrial Commission on this question are given in paragraphs 215-16 of their Report,

My Committee were represented by Mr. N. M. Muzumdar, one of their members, for purposes of oral evidence before the Jails Inquiry Committee and had explained the views of my Committee. His oral examination covers questions Nos. 18735 to 18875.

My Committee now endorse all that has been said by them previously in reply to the Jails Enquiry Committee. They are of opinion that the establishment of power factories inside jails and extensive employment of machinery are undesirable and as such should not be allowed. In this opinion they are solely guided by the principle that if such a power driven machinery is established in the Jails the Government enter into very unfair competition with private enterprise. The convict labour is the cheapest sort of labour as the Government have to pay only their boarding and lodging charges and very slight remuneration only in some cases, so far as the information of my Committee goes. Wages on the other hand in industries have gone up very largely as compared with the pre-war times so it is surely unfair that private enterprises which are obliged to pay these high wages should be asked to compete with jail products employing convict labour. My Committee beg to draw the attention of the Jails Industries Committee to a resolution passed by the Conference of the Chambers of Commerce of the Empire held at Sydeny some years back. The resolution ran as follows :—

> "Whereas private enterprise has the right to be protected against the competition of articles manufactured by convict labour at an artificially lower cost of production, and whereas there are indications to a tendency in certain parts of the Empire to develop the commercial element of jail labour to the injury of private manufactures, this Congress approves the principle that the produce of jail manufactures shall be used in Government service only; but in no case should power machinery be employed in jails for the production of articles of trade."

My Committee recognise that the cost of housing and feeding of the convicts falls after all upon the taxpayers to whose interest

it is that the convicts should not be mere parasites upon the Society but should be expected to contribute to their maintenance. At the same time they venture to believe that the introduction of power machinery will not be a solution of this difficulty. The penalties inflicted upon prisoners aim at not only making an example of them with a view to prevent future crimes but also with a view to converting the men and women who have strayed from the straight path into being again decent citizens of the state. Work, and that too, of an interesting and educative character should be given to them but of such a work there are several varieties and the introduction of power machinery should not be contemplated by the Government. It may be argued that if a prisoner is trained in power driven machinery in the jail it will be all the easier for him to get his living when comes out of it. My Committee cannot agree with this view. Industries are largely developed only in big cities and that too for the most part in Bombay and Ahmedabad. It is not for the good of a discharged prisoner that there should be a temptation put before him to make his future residence in these big cities where there will ever be present temptations of falling back into criminal life. It will be much better for those discharged prisoners to go to villages and take to such vocations as the village life affords. My Committee would lay emphasis upon hand-spinning and hand-weaving and all the other consequential processes as being an industry which will assurably give to a discharged prisoner means of getting his living. Besides this, there are manual vocations like carpentary, smithy, masonary etc., which will assure to the discharged prisoner an honest living.

It is true that the competition of jail industries even when power machinery is introduced will not be formidable for private enterprise. My Committee are, however, opposed on principle as aforesaid, to convict labour being utilised by Government for entering into competition with industries carried on by the initiative and enterprise of private individuals. It will be found that Chambers of Commerce, both Indian and English, are on the whole much opposed to any enterprise being carried on by the State and any attempts at carrying on of industries on a large scale within the

jail precincts will expose the Government to a good deal of adverse criticism. The Yerrowda Printing Press, for instance takes a good deal of work from private printing presses. It may be asked; If the introduction of power driven machinery is calculated to make the jail industries compete with private enterprise outside, there will be no less competition with regard to hand industries on which the convicts may be engaged. My Committee are of opinion that in this latter case there will not be that big annual output which will be the case with power driven mahinery. Handlooms and other hand industries have managed to stay on and even sometimes to compete with power driven machinery as their products cater to special tastes and likings and supply the specially felt want from a section of the people. Products of jail industries by hand will also thus have a natural place in the economics of the country just as house-hold cotton carpets, for instance, made in some of the jails in this presidency have got a special market of their own.

Under all these circumstances, my Committee are of opinion, as the Industrial Commission observed in their Report, that only manual labour should be allowed in jails industries and for such a purpose hand-spinning, hand-weaving, carding, hand-bleaching and dying, toy-making, also carpentry, smithy masonry, etc., should be the principal vocations for the training of convict labour.

LIBRARY OF THE BOMBAY BRANCH OF THE ROYAL ASIATIC SOCIETY.

(F). TRADE AND INDUSTRIAL LEGISLATION.

APPENDIX 64.

AMENDMENTS IN THE INDIAN LIMITATION ACT.

No. 9219-B. Bombay 4th January, 1926.

From the Government of Bombay Home Department to Chamber,

I am directed by the Governor in Council to forward herewith a copy of Government Resolution, No. 9219, dated this day, on the subject noted above, and to request that you will be so good as to move the Indian Merchants' Chamber, to favour Government with their views in the matter.

Indian Limitation Act 1908.

Amendment of Articles 133 and 134 of 1st Schedule

(Civil Justice Committee.)

GOVERNMENT OF BOMBAY.

HOME DEPARTMENT.

Resolution No. 9219.

Bombay Castle 23rd December 1925.

RESOLUTION.

Copies of the accompanying letter from the Government of India, Home Department No. F.-296-I. 37 (XIII) (XIV-25 Judl., dated the 12th—15th December 1925, should be forwarded to the High Court the Court of the Judicial Commissioner of Sind, the Bombay and

Karachi Bar Associations the Pleaders' Association of Western India, the Bombay Vakils' Association, the Bombay Incorporated Law Society, the Bombay Chamber of Commerce, the Karachi Chamber of Commerce, the Bombay Presidency Trades Association, the Indian Merhants' Chamber, the Indian Merchants' Association, Karachi, and the Secretary, the Marwadi Chamber, with a request that they will favour Government with their views in the matter.

2. The High Court and the Judicial Commissioner of Sind should be requested to consult such selected District Judges as they may think fit.

3. The opinions called for should reach Government as soon as possible.

By order of the Governor in Council,

A. MONTGOMERIE.

Secretary to the Government of Bombay,
Home Department.

No. F.-296-1-37 (XIII) (XIV)—25 JUDL.

GOVERNMENT OF INDIA.

HOME DEPARTMENT.

FROM

H. TONKINSON, ESQ., C. I. E.,

Joint Secretary to the Government of India,

To

All Local Governments, Administrations and

The Registrar of the High Court of Judicature

At Fort William in Bengal, Appellate Side.

Delhi, the 12th December 1915.

Subject:—Report of the Civil Justice Committee. Amendment of Articles 133 and 134 of the First Schedule to the Indian Limitation Act, 1908.

SIR,

I am directed to refer to paragraph 1 of the Home Department letter No. F.-296 I-37—25, dated the 6th August 1925, and to address {the local Government / you / the High Court} on the amendment of articles 133 and 134 to the First Schedule to the Indian Limitation Act, 1908 (IX of 1908).

2. In paragraph 16 of Chapter 41 of their Report the Civil Justice Committee recommend—

(1) that these two articles should be revised with reference to recent decisions; and.

(2) that in particular the alienation of property vested in the head of a religious institution should be specifically provided for.

3. The Government of India understand that the first recommendation relates to the difficulties which have arisen with regard to the interpretation of articles 133 and 134 mainly as a result of the Full Bench ruling of the Madras High Court in Seeti Kutti *versus* Kunhi Pattuma (I. L. R., 40, Madras, 1040). In this case two of the Judges held that the words in column 3 must be given their literal meaning and that time must run from the date of transfer from the trustee or the original mortgagee and the date when possession was taken was immaterial; one Judge held that the article only applies when the transferee from the trustee or the original mortgagee took possession on the date of transfer; and the remaining two Judges held that time under the article only runs from the date when possession is obtained. The result was that the view of the first two Judges that the article operated to bar the particular suit by limitation failed. This case was considered by Richardson, J. in Naraindas *versus* Abdur Rahim, I. L. R., 47, Calcutta, 866. Richardson, J., held that limitation under the article begins to run from the date on which the property or the title was transferred by the trustee or the original mortgagee to the transferee. The other Judge, however, who decided that case, Shams-Ul-Huda, J., did not come to any final conclusion as to the effect of the article. In a later case reported in

I. L. R., 50, Calcutta, page 62, Mookerjee, J. said that the article referred to a case where the transfer by the trustee was accompanied by delivery of possession to the transferee, but it is not definitely clear that he intended to suggest that under the article possession must be taken on the date of transfer, and accordingly it is not certain which of the views held in the Madras Full Bench in the decision referred to above was favoured by him. These cases refer to article 134, and no cases dealing with article 133 have been traced, but the same general principle would presumably apply to both articles.

4. The Committee's second recommendation refers, it is understood, to the decisions of the Privy Council in Vidyavaruthi versus Balusami (I. L. R., 44, Madras, 831) and Abdur Rahim versus Narain Das (I. L. R., 50, Calcutta, 329). As a result of these two rulings it is now settled law that a Dharmakarta, Mahant or manager of a Hindu endowed religious property, or the Mutwalli or sajjadanashin in whom the management of Muhammadan endowments is vested are not trustees within the meaning of the word as used in section 10 of the Indian Limitation Act, for the reason that the property does not vest in them. The result is that endowments of this nature when a suit is brought against a person, not being an assign for valuable consideration, are not protected by the provisions of this section.

5. The Committee's two recommendations are therefore :—

(1) that it should be made clear whether articles 133 and 134 mean what they say viz., that limitation runs from the date of purchase or of transfer, as the case may be, and that the date of obtaining possession is immaterial ;

(2) that section 10 of the Act should be amended so as to put Hindu and Muhammadan religious endowments on the same footing as other trust funds which definitely vest in a trustee.

So far as articles 133 and 134 are concerned the questions which arise for decision are apparently whether transfers of trust property

and of mortgaged property should be dealt with separately and further what other amendments are required. On the second question the Government of India are inclined to agree that section 10 of the Act should be amended so as to make it applicable to property belonging to Hindu and Muhammadan religious endowments in the hands of persons, not being assigns for valuable consideration. In regard to the second point Diwan Bahadur T. Rangachariar in 1924 gave notice of his intention to introduce in the Legislative Assembly a Bill to amend the Indian Limitation Act, 1908, which proposed to insert the following new section :—

Suits against managers of Hindu or Muhammdan endowments.

"10-A. No suit against a dharmakarta, mutwalli, manager, etc., of a Hindu or a Muhammadan religious or non-religious endowment, whether public or private, or against his legal representatives or assigns (not being assigns for valuable consideration) for the purpose of following in his or their hands any property belonging to such endowment or the proceeds thereof or for making him or them accountable for the management by such dharmakarta, mutwalli, manager, etc., shall be barred by any length of time."

The Bill has not so far been introduced, but the Government of India are not inclined to favour a modification of the law going beyond what has been suggested above, as they doubt whether the Diwan Bahadur's suggestion to extend the scope of the measure to non-religious endowmens has been justified. Before, however, coming to a decision the Governor-General in Council would be glad to be favoured with

the views of the Governor in Council { and the High Court (and Judicial Commissioner's Court) Chief Court / and the Judicial Commissioner's Court } on the

your views (and those of the Judicial Commissioner)

the views of the Hon'ble the Cheif Justice and Judges

Committee's recommendations.

( ) Note to Bengal assam.

( ) To Bombay and United Provinces,

[ ] To Local Government only.

6. I am to request that with the permission of His Excellency in Council a reply to this letter may be sent as soon as possible.

I have the honour to be

SIR,

Your most obedient servant,

H. TONKINSON,

Joint Secretary to the Government of India.

No. T-369 dated the 10th February 1926.

From Chamber to the Government of Bombay Home Department, Bombay.

I am directed by my Committee to acknowledge receipt of your letter No. 9219-B, dated 4th January 1926, regarding proposed amendment of Articles 133 and 134 and Section 10 of the Indian Limitation Act, and to send hereby their views on the same.

My Committee understand that at present there seems to be some confusion as to the meaning of the words "the date of purchase" and "the date of transfer" in the Articles 133 and 134, respectively, and the precise time from which limitation begins to run.

As the proposed amendments make it clear that limitation runs from the dates of the purchase and of transfer, my Committee have no objection to the same as they will in their opinion clarify the law and save a good deal of unnecessary litigation.

APPENDIX 65.

THE INDIAN BAR COUNCILS BILL.

No. T-574 dated the 4th March 1926.

From Chamber to the Government of India Legislative Department Delhi.

The attention of the Committee of this Chamber has been drawn to the Bill introduced in the Indian Legislature recently known as the Bill to provide for the constitution of Bar Councils in British India and for other purposes. My Committee have been taking a good deal of interest in this question and addressed the Indian Bar Committee on the 11th January 1924, strongly recommending the removal of the bar which existed at present against Pleaders practising on the Original Side of the High Courts. The Bill in question is based upon the report of that Committee. My Committee regret to note that though the Bill professes to carry out the recommendations of the Bar Committee it fails practically to do so and will leave untouched the present unfair and unjust limitations debarring the so-called Pleaders from appearing in Original Side of the High Court. As my Committee pointed out in their representation to the Indian Bar Committee in 1924, the present dual system in Bombay and Calcutta is responsible for the heavy cost in commercial suits and is not at all suited to the requirements of the country. The Bill virtually maintains intact the existing water-tight compartments or different classes of practitioners in the High Courts of Bombay and Calcutta, as it provides for the distinction between Advocates entitled to appear on the Original Side and Advocates not so entitled. What it comes to is this; that the Bill merely changes the designation of Pleaders as a class by nominally calling them Advocates and does not give them any privilege of Advocates practising on the Original Side of the High Courts. It thus maintains the same old division of three classes of practitioners as at present in the High Courts but with different denominations.

The Statement of Objects and reasons says :

"2. (*d*). Where there is a compulsory dual agency system present, it should be allowed to continue."

The dual agency system prevails in the High Courts of Bombay and Calcutta. The Bill completely fails to take into account the public opinion on this momentous question. It does not touch the real crux of the whole question *viz*, unification of the different grades of practitioners and the consequent doing away with the dual agency system where it is in existence.

My Committee, therefore, beg to suggest that the following changes should be made in the different clauses of the Bill :—

Sec. 4 ;—Clause (3) of this section should be omitted. In the opinion of my Committee there should be only one grade of practitioners in every High Court.

Sec. 6. (1) (a) ;—Instead of sub-sections (2) and (3) the expression "sub-section (2)" should be inserted.

Sec. 8 ;—The words "any attorney of the High Court" in the proviso should be omitted.

Sec. (2) ;—Sub-section (2) of the above section should be redrafted as only one class of practitioners in the High Courts is desirable.

Sec. 14 ;—The proviso to this section should be deleted altogether.

My Committee also suggest that looking to the suggestions made above in the body of the Bill, Clause (d) of Section 2 of the Statement of Objects and Reasons should be deleted.

APPENDIX 66.

THE INDIAN BAR COUNCILS BILL:—SENIORITY OR PRECEDENCE AMONGST ADVOCATES.

No. 9893, B. Bombay Castle, dated the 21st October, 1921.

From the Government of Bombay Home Department to Chamber.

I am directed by the Governor in Council to forward herewith a copy of a Resolution of Government in this Department No. 9893, dated this day, and to request that you will be so good as to move the Indian Merchant's Chamber, to favour Government with their opinion in the matter.

Bill.

Indian Bar Councils; seniority and precedence amongst advocates.

GOVERNMENT OF BOMBAY.

HOME DEPARTMENT.

Resolution No. 9893.

Bombay Castle, 21st October, 1926.

Letter from the Government of India in the Home Depatment No. F. 422-24 Judicial, dated the 20th September 9th October, 1926.

"I am directed to forward for the infortion of the Governor Council, a copy of the following paperss* regarding the Bill to provide for the constitution of Bar Councils in India and for other purposes:—

(1) Report of the Select Committee together with a copy of the Bill as amended by the Committee.

(2) Bill as passed by the Legislative Assembly.

* Not Printed, Vide file No. R. 102 of 1926.

(3) Bill as passed by the Legislative Assembly and amended by the Council of State.

(4) Debates* in the Legislative Assembly on the 26th and 27th August, and 2nd September, 1926, and in the Council of State on the 31st August, 1926.

It will seen from the debates in the Assembly on the 23th August that sub-clauses (3) and (4) of the clause 8 of the Bill as amended by the Select Committee, dealing with seniority and precaudience among advocates, were omitted from the Bill on the understanding that they would be circulated for opinion. The intention was that after considering the opinions received any provision relating to this matter which might be considered desirable should be introduced in an amending Bill as early as possible during the next Legislative session at Delhi.

2. The Indian Bar Committee in paragraph 21 of their Report proposed that barristers should take precedence *inter se* according to the dates on which they were called to the Bar, that advocates who were not barristers should take precedence *inter se* according to the dates on which they became entitled to practise in a High Court, and that an advocate who was a barrister should take precedence over another advocate who was a barrister only if he was called to the Bar before such other advocate became entitled to practice in a High Court. This matter was not dealt with in the original draft of the Bill, The Select Committee inserted sub clauses (3) and (4) in clause 8 of the Bill, but in the matter of determination of seniority did not observe the system recommended by the Indian Bar Committee. Sub-clauses (3) and (4) of clause 8 as drafted by the Select Committee provided that from and after the commencement of the Act the seniority of all future advocates, whether barristers or non-barristers, should be determined by the date of their admission to be advocates of the High Court but that in the case of persons already entitled to practise in the High Court, seniority should be determined by the date of their admission to the various grades, i.e., of advocates

* Not printed, Vide file No. R. 102 of 1926.

vakils or pleaders which they occupied respectively at the commencement of the Act. As a result of this provision the seniority of a barrister would not in any case be determined by the date on which he was called to the Bar, but by the date of his admission to be an advocate of the High Court. It was also provided that precedence should definitely follow the seniority thus determined. Objections to these provisions were stated in the debate of 26th August by Sir Hari Singh Gour, Rai Bahadur Raj Narain and others, and I am to request that the Government of India may be favoured as early as possible with the views of the Governor in Council and the High Court and the Judicial Commissioner's Court and other authorities whom he may wish to consult with regard to these provisions or any provisions that should be substituted for them.

3. The Government of India would be glad if a reply to this letter could reach them by the 1st December 1926 so that they may be able to consider the question before the Legislative session commences".

RESOLUTION :—Copies of the foregoing letter and of its accompaniments should be forward to the High Court, the Court of the Judicial Commissioner of Sind, the Advocate General, Bombay, the Solicitor to Government, the Remembrancer of Legal Affairs, the Government Pleader, High Court Bombay and the Government Pleader and Public Prosecuter for Sind, with a request that they will favour Government with their opinion in the matter.

2. Copies of the letter and of the accompaniments should also be forwarded to the Bombay and Karachi Bar Associations, the Pleaders' Association of Western India, the Bombay Incorporated Law Society, the Bombay Vakils Association, the Chamber of Commerce, Bombay, the Chamber of Commerce, Karachi, the Bombay Presidency Trades Association and the Indian Merchants' Chamber with a request that they will favour Gouernment with their views in the matter.

3. The High Court and the Judicial Commissioner of Sind should be requested to consult such selected District Judges as they may

think fit. The District Judges so consulted should consult the Local Bar Associations.

4. The opinions called for should reach Government not later than the 15th November 1926.

By order of the Governor in Council.

J. Monteath,

Secretary to the Government of Bombay, Home Department.

No. T. 2268 18th November, 1926.

From Chamber to the Government of Bombay Home Department Bombay.

With reference to your letter No. 9893-B. dated 21st October, re: above, my Committee think that it is essentially a question concerning the legal profession. They are, therefore, not in a position to express any opinion on the same.

APPENDIX 67

AMENDMENT IN THE NEGOTIABLE INSTRUMENTS ACT 1881.

No. 5701-III-B. 1st May 1926.

I am directed by the Governor in Council to forward herewith a copy of Government Resolution in this Department, No. 5701-III, dated this day together with its accompaniment, and to request that you will be so good as to favour Government with the opinion of your Chamber on the provisions of the Bill further to amend the Negotiable Instruments Act not later than the 1st June 1926.

BILL.

Negotiable Instruments Act; amendment of.

GOVERNMENT OF BOMBAY.

HOME DEPARTMENT.

Resolution No. 5701-III Bombay Castle, 1st May 1926.

Letter from the Government of India in the Finance Department.

No. D/1811, dated the 10th April 1926:—

"I am directed to refer to the correspondence ending with your letter No. 5701-II-B, dated the 5th September 1925 relative to the proposal to amend the Negotiable Instruments Act, 1881, so as to give effect to the commercial practice of treating bearer bills, hundies and cheques as negotiable by delivery in all circumstances, irrespective of any endorsement thereon.

2. After considering the opinions of Local Governments, banks and other commercial bodies, the Government of India are provisionally of opinion that legislation on the lines of the rough draft Bill which forms the enclosure to this letter, should be undertaken; but before reaching a final conclusion, the Government of India desire to have the opinions of the mercantile community upon the proposal contained therein.

In this connection I am to observe that the interpretation of the Negotiable Instruments Act given by the High Court of Judicature at Bombay, in the case which gave rise to the correspondence abovecited, is the interpretation which the framers of the Act and the Legislature intended that the Act should bear. The High Court held that the negotiability of a negotiable instrument expressed as being payable to bearer may be as restricted by an indorsement in full. The Law Commissioners as early as 1867, had definitely decided to make a departure from the English law in this respect, and the illustrations to section 50 of the Negotiable Instruments Act,

1881, reproduce in substance the effect of a clause originally drafted by the Commissioners which ran as follows :—

> "Although an instrument has either originally or by an indorsement been made payable to bearer, its negotiability may be restricted by an indorsement".

The Government of India are impressed by the general consensus of opinion as to the desirability of relieving banks and the commercial community generally from the necessity of scrutinising the backs of instruments which are on the face of them payable to bearer; but in view of what is undoubtedly the present state of the law and of the fact that this has stood for nearly half a century, they are doubtful whether it is advisable to do more than provide that the negotiability of an instrument originally expressed as payable to bearer can only be restricted by an indorsement when the indorsement is on the face of the instrument. The proposal involves an amendment of section 13 of the Negotiable Instruments Act in order that it may be made clear that an instrument, although originally expressed to be payable to bearer, may be payable to bearer at one time and to order, by reason of special indorsement on the face of it, at another. Under the English law the negotiability of such a bill cannot be restricted by indorsement, although the special indorser may render himself liable to parties making title through his indorsement.

3. I am accordingly to request that with the permission of His Excellency the Governor in Council steps may be taken to collect the opinions of banks and of the mercantile community in Bombay.

The intension at present is that legislation should be undertaken during the next session of the legislature, and the Government of Indian would be glad to receive replies to this communication not later than the 1st of July 1926."

RESOLUTION :—Copies of the foregoing letter from the Government of India and of its accompaniment should be forwarded to the Imperial Bank of India, the National Bank of India, the Bank of India, the Allahabad Bank, the Central Bank of India, the Chartered

Bank of India, the Lloyds Bank and the Eastern Bank, Bombay, with a request that they will favour Government with their opinion on the provisions of the Bill.

2. Copies should also by forwarded to the Chamber of Commerce, Bombay, the Bombay Presidency Trades Association, the Chamber of Commerce, Karachi, the Indian Merchants' Chamber the Indian Merchants' Association, Karachi, the Bombay Shroffs' Association and the Marwari Chamber of Commerce, and they should be requested to favour Government with their views on the provisions of the Bill.

3. It is requested that the views should be forwarded to Government not later than the 1st June 1926.

By order of the Governor in Council,

C. G. ADAM,

Acting Secretary to the Government of Bombay.

Home Department.

G. R., H. D., No. 5701-III, dated the 1st May 1926.

Accompaniment to Government Resolution, Home Department, No. 5701-III, dated the 1st May 1926.

A

BILL

Farther to amend the Negotiable Instruments Act, 1881.

WHEREAS it is expedient, for the purpose of resolving doubts which have arisen as to the effect of indorsements on negotiable instruments payable to bearer, to provide that the tenor of such instruments, when originally expressed to be so payable, shall not be altered by indorsement otherwise than on the face thereof;—

It is hereby enacted as follows :—

1. This Act may be called the Negotiable,

Short title. Instruments (Amendment) Act, 1926.

2. In section 13 of the Negotiable Instruments Act, 1881, (hereinafter referred to XXVI of 1881.)

Amendment of section 13, Act XXVI of 1881.

(a) In *Explanation* (i), for the words "which is expressed to be so payable or which is expressed to be payable to a particular person", the following shall be substituted, namely;

"which whether originally or by indorsement is for the time being expressed to be payable to order or to a particular person"; and

(b) in Explanation (ii) for the words "which is expressed to be so payable or" the words "(a) which is originally expressed to be so payable and is not for the time being expressed by indorsement to be payable to order or to a particular person or (b)" shall be substituted.

3. To section 15 of the said Act the following proviso shall be added, namely;—

Amendment of section 15, Act XXVI of 1881.

"Provided that no signature on a negotiable instrument which is originally expressed to be payable to bearer shall be deemed to be an indorsement, nor shall be person signing the same be deemed to be an indorser, unless the signature is inscribed on the face of the instrument itself."

No. T. 1168 27th May 1926.

From Chamber to the Government of Bombay Home Department, Bombay.

I am directed by the Committee of this Chamber in connection with your letter of the 1st instant, No. 5701-III-B, to refer the

Government to the letter addressed by them to your Department on the 14th August 1925. As that letter practically covered all the questions embodied in the Bill under reference, I am directed to inform you that you will kindly treat that letter as expression of the views of my Committee with regard to the Bill for the amendment of the Negotiable Instruments Act.

APPENDIX 68.

THE INDIAN ARBITRATION BILL.

No. 9583-B. Bombay Castle, 9th March 1926.

From the Government of Bombay, Home Department to Chamber.

I am directed by the Governor in Council to forward herewith a copy of Government Resolution, Home Department No. 9583, dated this day, on the subject noted above, and to request that you will be so good as to move the Indian Merchants' Chamber, Bombay to favour Government with their views on the provisions of the Bill.

BILL.

Indian Arbitration Bill.

(Harchandrai Vishindas).

GOVERNMENT OF BOMBAY,

HOME DEPARTMENT.

Resolution No. 9583.

Bombay Castle, 4th March 1926.

Letter from the Government of India, Legislative Department, No F.—111-I/24-A.-C., dated the 13th February 1926.—

"With reference to the debates of the Legislative Assembly, dated the 4th February 1926, I am directed to forward herewith

copies of the papers noted below† and to request that the Governor in Council will favour the Government of India in this Department with an expression of his opinion on the provisions of the Bill and of the opinions of the Honourable the Judges of the High Court and of such selected officers and other persons as the Governor in Council may think fit to consult on the subject.

In this connection I am further to invite a reference to the statement made on behalf of the Government of India in the Assembly on the 4th February 1926. The reference in regard to the recommendations of the Civil Justice Committee referred to in that statement will be made to the Local Government by the Home Department.

"2. I am also to request that the Bill and statement may be published in the Bombay Gazette in English and in such other langauges as the Governor in Council may deem proper and that the dates of such publication may be communicated in your reply.

"3. The reply to this letter should be sent in by the 1st July 1926."

RESOLUTION.—Copies of the foregoing letter from the Government of India and of its accompaniments should be forwarded to the High Court, Bombay, the Court of the Judicial Commissioner of Sind, the Advocate General, the Solicitor to Government and Public Prosecutor for Sind with a request that they will favour Government with their opinions on the provisions of the Bill.

2. Copies of the letter and of its accompaniments should also be forwarded to the Bombay and the Karachi Bar Associations, the Bombay Vakils' Association, the Pleaders' Association of Western India, the Bombay Incorporated Law Society, the Bombay Chamber of Commerce, the Bombay Presidency Trades Association, the Indian

‡(1) The Indian Arbitration Bill by Mr. Harchandrai Vishindas.

(2) Extract from the Legislative Assembly debates dated 4th February 1926, regarding the Bill.

Merchants' Chamber, Bombay, the Indian Merchants' Association, Karachi, and the Marwari Chamber, Bombay, with a request that they will favour Government with their opinions on the provisions of the Bill.

3. The High Court and the Court of the Judicial Commissioner of Sind should be requested to consult such selected District Judges as they may think fit. The District Judges so selected should also consult the local Bar Associations.

4. The Bill with the Statement of Objects and Reasons should be forwarded to the Manager, Government Central Press, for publication in the *Bombay Government Gazette*, and the Oriental Translator to Government for translation in Marathi, Gujarati, Kanarese and Urdu. The translations should be forwarded to the Manager, Government Central Press, for publication in the *Bombay Government Gazette*.

5. The Commissioner in Sind should be requested to have the Bill with the Statement of Objects and Reasons published in the *Sind Official Gazette* both in English and Sindhi.

6. The Commissioner in Sind and the Manager, Government Central Press, should report to Government the dates on which the Bill with the Statement of Objects and Reasons is published in the Gazette.

7. The opinions called for should reach Government not later than the 1st June 1926.

By order of the Governor in Council,

A. MONTGOMERIE,

Secretary to the Government of Bombay,

Home Department.

G. R. No. 9583, H, D., dated the 4th March 1926.

Extract from the Legislative Assembly Debates, Vol. VII, No. 10.

The Assembly met in the Assembly Chamber, Imperial Secretariat, Delhi on Thursday, dated the 4th February, 1926.

* * * * * *

THE INDIAN ARBITRATION BILL.

Mr. Harchandrai Vishindas (Sind; Non-Muhammadan): Sir, with regard to the motion that I have to make regarding my Arbitration Bill, I received a notice last night that Mr. Duraiswami Aiyangar is due to move an amendment. My motion is that the Bill be circulated for the purpose of eliciting opinions thereon, whereas Mr. Duraiswami Aiyangar purposes to let it go straight to a Select Committee. Although I originally tabled this motion of mine, I may inform you, Sir, that I am rather in favour of Mr. Duraiswami Aiyangar's amendment at this particular stage for this reason.....

Mr. President: Order, order. We are not at present discussing the amendment of Mr. Duraiswami Aiyangar. It is not a question whether Mr. Duraiswami Aiyangar's amendment is in order or not. The Honourable Member should confirm himself to his own motion.

Mr. Harchandrai Vishindas: In that case no choice is left to me but to move my motion that the Bill to consolidate and amend the law relating to arbitration in British India be circulated for the purpose of eliciting opinion thereon.

As will appear from the papers, I presented this Bill at Simla on the 9th September, 1924. Then it was introduced. Next when this motion of mine which was made at the suggestion of Government was brought forward, unfortunately it was blocked from time to time by other work until it had the good fortune of being reached to-day, of which also at one time there seemed to be but a remote chance. I have already stated in my Statement of Objects and Reasons the object of this Bill, and again explained that object when I moved for the introduction of the Bill, which motion was unanimously passed. The Bill is of great importance to the public in as much as

it tends to convenience and speed in the administration of justice and is in consonance with the wishes from time to time expressed by judicial authorities. At present the provisions of the arbitration law are scattered in several places. Part of it is contained in the Civil Procedure Code, part in the Arbitration Act; and there have been several omissions noticed by High Courts, which omissions I have with my humble efforts tried to supply in the Bill as it is now presented. The Bill has been before the public for a long time. It was even mentioned by the Civil Justice Committee as probably a measure which was calculated to serve the ends which that Civil Justice Committee had in view, namely, to expedite justice; and, as the Bill has been before the publice and before this House for a long time, I think I shall be wasting the time of this Assembly by explaining its provisions any further. I, therefore, move that the Bill be circulated for the purpose of eliciting opinions thereon.

Mr. C. Duraiswami Aiyangar (Madras ceded districts and Chittoor; Non-Muhammadan Rural): Sir, with reference to the motion which has been brought forward by my Honourable friend Mr. Harchandrai Vishindas, I may say at once that if that motion is the only motion that is to be allowed in this House it is as good as not moving anything at all. The one thing I have learned in this Assembly is that, if you have not got either the heart or the inclination or the patience to go through with a Bill which is of great importance, the surest way to kill it and to confine it in a pigeon hole is to refer it for circulation for public opinion. At any rate this particular Bill will necessarily suffer that fate seeing that at the fag end of this Assembly this motion is being made; and if this Bill is to be sent out for circulation through the arteries and veins of India, then by the time it returns this Assembly will have been dissolved and this Bill itself will die automatically. Therefore, Sir, I sent in notice of an amendment with which I shall deal at the end after taking the ruling of the Chair whether it is in order or not.

Sir, I am surprised that the Government themselves should not have taken this important matter into their own hands and

that they should not have introduced a Bill which is of such paramount importance, particularly in view of the fact that much of the law's delays is reported to have been caused by the meagre provisions relating to the law of arbitration. Sir, the attempt to codify the law of arbitration and to make as far as possible a perfect law of arbitration has commenced not now; it commenced 18 years ago. There was a special committee once appointed under the presidency of Sir Erle Richards in 1907, and the Committee recommended then;

"We are of opinion that the best course would undoubtedly be to eliminate from the Code all the clauses as to arbitration and insert them in a new and comprehensive Arbitration Act. There are perhaps difficulties as to this at present. We have determined, therefore, to leave the arbitration clauses much as they are in the present Code; but we have placed them in a Schedule in the hope that at no distant date they will be transferred to a comprehensive Arbitration Act."

This, Sir, preceded the Civil Procedure Code of 1908. The Civil Justice Committee has also devoted seventeen pages of printed matter to this question and the Committee has offered several suggestions and suggested several remedies, and has also considered in a way the Bill which is now being moved by my friend here for being circulated for public opinion. This Bill was placed in the hands of the Civil Justice Committee and they have bestowed attention upon this Bill also. Now, Sir, we are told that this Bill has once more to be circulated in order to get public opinion thereon I can understand technical matters, mercantile matters and other such matters being referred for public opinion. But on a matter like this, Sir, relating to a proposal to legislate on the various methods of arbitration which have now been failing on account of defects in the law, I think we have got a sufficient number of lawyers in this House itself who could go through it and do it successfully. We have got lawyers here who are the sole monoplists of sanity as well as of wisdom; we have got eminent lawyers here who are legal luminaries. With such a number of lawyers in the Assembly, for us

to proceed to collect public opinion, I say once again, is a mere waste of time or a method of evading an important law. The Civil Justice Committee is strongly of opinion.....

Mr. President: The Chair does not desire to interrupt the Honourable Member; but will he come to the point and state whether he wishes to oppose this motion or support it? The Honourable Member must come to the point. If he wishes to move his amendment, let him do so. It will then be for the Chair to decide whether the amendment is in order or not.

Mr. C. Duraiswami Aiyangar: What I was driving at, Sir, was to point out to Government that in the event of my amendment not being allowed by the Chair, I was going to request the Government to take up the measure instead of sending it out for eliciting public opinion.— I am making that suggestion and for that reason I am mentioning it. Certainly I cannot oppose this motion in the event of every other remedy failing. That, Sir, is the position which I take, and I take this opportunity of bringing these facts to the notice of the Government. I only wish to suggest to the Government, who seem to be in agreement with my friend, that this is a matter of great importance and therefore should be sent out for public opinion, that the Government themselves may bring in a measure within the spirit of the Report made by the Civil Justice Committee.

Mr President: The Honourable Member has done that already. He need not repeat the same thing.

Mr C. Duraiswami Aiyangar: Now, Sir, I wish to know the ruling upon this amendment. I move that the Bill be referred to a Select Committee consisting of the Honourable the Home Member, Mr. Tonkinson, Sir Henry Stanyon, Mr. Herchandrai Vishindas, Lala Duni Chand, Diwan Bahadur T. Rangachariar, Mr. K. Rama Aiyangar, Mr. Amar Nath Dutt, Pandit Shambhu Dayal Misra, Pandit Madan Mohan Malaviya, Mr. K. K. Chanda, Syed Majid Baksh, Khan Bahadur Ghulam Bari and the Mover. That, Sir, is my amendment.

Mr. President: Will the Honourable Member show how it is in order ?

Mr. C. Duraiswami Aiyangar: Sir, under Standing Order 39...I must admit that I myself felt a little doubt about it...under Standing Order 39, clause 2 (*b*):

"If the member in charge moves that his Bill be referred to a Select Committee, any member may move as an amendment that the Bill be circulated for the purpose of eliciting opinion thereon by a date to be specified in the motion."

I thought, Sir, that it made no difference. . . . .

Mr. President: Order, order. The Honourable Member has proved that he is out of order.

Mr. C. Duraiswami Aiyangar: Then, Sir, may I say a few words on the motion itself ? I may mention that the motion of my friend is a motion of very great importance. It is a matter which requires a speedy disposal by this House before it comes to be dissolved or comes to a close. Sir, there is one omission probably due to an oversight on the part of my friend who moved his motion that it be circulated for public opinion. According to the Standing Orders he must have fixed also the time by which that public opinion must be secured. That is compulsory under the Standing Order and I believe my friend has omitted to do so only by an oversight and I hope he will fix a date. Let that date not be far beyond the 1st of April of this year, so that there will be a likelihood of our getting the public opinion by the 1st of April, and it may be circulated among the Members of this House and the matter may be placed at least before us during the Simla Session of this Assembly which is the last session which this Assembly will have the honour of attending. Let us therefore piously *hope* that the Government will consent to that addition being made to the motion, which is necessary under the Standing Orders. The Standing Order says :

"If the member in charge moves that his Bill be taken into consideration, any member may move as an amendment that the Bill

be referred to a Select Committee, or be circulated for the purpose of eliciting opinion thereon by a date to be specified in the motion"

Therefore, that motion itself must specify the date by which the opinions must be received. I only trust that my friend will put in that date as the 1st of April and I hope the Government also will accept that date so that we may have all the opinions collected before the 1st of April and this Assembly may have the honour to codifying the law of arbitration in a satisfactory manner. Otherwise, Sir, there are lots of suits which, although they may have been referred to arbitration either through the court or without the intervention of the court, have been prolonged for the simple reason that there are several defects which are open to the discontented party in the arbitration award to raise as a defence and thereby prolong the litigation. This has been fully dealt with by the Civil Justice Committee. Therefore, Sir, the sooner the law of arbitration is put on a firm and satisfactory basis, the sooner we will end the prolongation of litigation in the manner in which it has been going on. You may ask for any number of courts, but the sooner litigation is put down and shortened, the better it is for the greater prosperity of the country. Therefore, Sir, I trust my friend will put in that date and Government will accept it.

Mr. Harchandrai Vishindas: May I rise, Sir, on a point of explanation? My friend Mr. Duraiswami Aiyangar is wrong if he thinks that it is obligatory upon me to fix a date, because, under Standing Order 38. . . .

Mr. President: Order, order. It is not at all obligatory on the Honourable Member to fix a date.

Mr. Harchandrai Vishindas: That is what I was pointing out, sir.

Mr. H. Tonkinson (Home Department: Nominated Official): Sir, I rise to make a short statement in regard to the attitude of Government towards the present motion. My Honourable friend,

in his Statement of Objects and Reasons, and again when he introduced this Bill, referred to the statement of Sir Lawrence Jenkins who was a member of the Select Committee which dealt with the Code of Civil Procedure, 1908. My Honourable friend, Mr. Duraiswami Aiyangar has also referred to the remarks made by that Select Committee in regard to this question. Those remarks suggest and this is what Mr. Duraiswami Aiyangar has definitely stated, that the proposal to consolidate the law in regard to arbitration is eighteen years old. In regard to this point, I must of course admit that the Select Committee and certain members of that Select Committee separately expressed the view that it was desirable to enact a comprehensive Arbitration Act. Now, that Committee was presided over by Sir Erle Richards, and he himself undertook an inquiry into the question and within a year came to the definite conclusion that the people in the mofussil of India would be opposed to any such comprehensive Arbitration Act. That is the reason why no further action has been taken upon this suggestion. So far as Government are concerned, the next stage in this matter arose with the meeting of the Associated Chambers of Commerce in Bombay in 1923. That meeting was attended by the Honourable the Finance Member. As indicated in the report of the Civil Justice Committee, a member of the Karachi Chamber, Mr. Backhouse, referred at length to some of the difficulties experienced in the operation of the arbitration law. The Honourable the Finance Member first of all informed the members of the Associated Chambers that no one in India, since the passing of the Code of Civil Procedure, 1908, had drawn the attention of either the Legislative Department or the Home Department of the Government of India to any difficulties in the operation of the arbitration law. He then issued an invitation to the effect that we should be very glad to receive representations in regard to such difficulties and we would consider them and see what amendments to the law were necessary. No one has taken any advantage of that invitation, that is to say, no one has come to us and told us of the difficulties which are being experienced in the operation of this law. Obviously, the Executive Government are not in a very good position to ascertain such difficulties themselves

unless they are brought to their notice. We did, however, take some action there. We caused a precis of all the rulings upon this question to be prepared, I have a copy of it here, it extends to 40 pages in print, I think it will form a very valuable basis for further action in regard to this matter. It would be more suitable perhaps for any one who wanted to prepare a treatise on the subject of arbitration. The precis does not give us any very difinite suggetions as to the action which we should take, and in order to decide that, I am afraid we ought to have in Government of India some Judge who has had a long experience of the administration of arbitration law to go into these cases and make definite proposals.

Now, let me turn to the Bill itself. In regard to that, I merely refer to the remarks of the Civil Justice Committee upon it, Perhaps it will be well if I read the paragraph in Chapter 13 of their report in which they deal with this question, In paragraph 11 they say;

"We have been furnished with a copy of a draft Bill to consolidate and amend the law relating to arbitration in British India, prepared by Mr. Harchandrai Vishindas of Karachi. Apart from minor amendments of the law and from the fact that the whole law of arbitration is intended to be incorporated into one Act, the general intention of the Bill appears to be to apply the principles of the Indian Arbitration Act of 1899 to the whole of India, making however certain modifications. The main modifications seems to be (1) that an award may be enforced as a decree, but only by leave of the court, such leave to be obtainable only after the lapse of a certain time in order that an application to set aside, modify, or remit the award may be made meanwhile; (2) that no suit should lie to contest the validity of a submission or award on any ground other than fraud; and (3) that no award should be deemed to be invalid by reason only of its being based on a reference which, amongst other matters, includes the subject matter of a pending suit or proceeding."

That, Sir, is the description of the Bill now before the House given by the Civil Justice Committee. I do not know whether the

Honourable Member in charge of the Bill would accept it as correct. But I will assume that it is for the present purpose. Then the Committee went on and made very definite proposals themselves in regard to this subject. They are entirely different from those of my Honourable friend. We have not as yet referred those proposals to Local Governments. As a matter of fact we were awaiting the result of the present motion before this House before doing so. Our intention is that if this motion is accepted and the Bill is circulated for the purpose of electing opinions, then we should at the same time refer the proposals of the Civil Justice Committee to Local Governments. By this means we shall, I submit, be in a position shortly to dispose of the questions which call for most urgent disposal in regard to the amendment of our arbitration law. My Honourable friend Mr. Duraiswami Aiyangar suggests that this only means delay but I submit that it is certainly desirable that we should refer this Bill to local Governments and judicial authorities and to see what their opinions upon it are. We shall get time and we shall also get opinions that it will be quite impossible to get them by the 1st of April of this year as my Honourable friend suggested. But we shall get those opinions. I do not say that that will dispose of the case altogether because, judging from this precis that I have here, there will still be many questions in regard to arbitration which will probably take, I think, many years to solve. I support the motion.

Mr. President: The question is;

"That the Bill to consolidate and amend the law relating to arbitration in British India be circulated for the purpose of eliciting opinions thereon."

The motion was adopted.

[As introduced in the Legislative Assembly.]

A

BILL

TO

Consolidate and amend the law relating to arbitration in British India.

[The corresponding provisions of the Indian Arbitration Act (I. A. A.), the English Arbitration Act (E. A. A.) and Schedule to the Civil Procedure Code (Sch., C. P. Code) are indicated in the margin.]

Whereas it is expedient to consolidate and amend the law relating to arbitration in British India; It is hereby enacted as follows:—

Short title, extent and commencement.

1. (1) This Act may be called the Indian Arbitration Act, 192 .

(2) It extends to the whole of British India, *except such districts where the Code of Civil Procedure, 1908, is not in force.*

(3) It shall come into force on 192 .

PART I.

Arbitration without the intervention of the Court.

Definitions. S. 4, I. A. A.

2. In this Part, unless there is anything repugnant in the subject or context,—

(a) "the Court" means the Court which, if the subject-matter submitted to arbitration were the subject of a suit, would have jurisdiction to try the suit; but shall not include a Court of small Causes;

(b) "submission" means a written agreement to submit present or future differences to arbitration, whether an arbitrator is named therein or not.

Submission to be irrevocable except by leave of Court.
S. 5, I. A. A.

3 A submission, unless a different intention is expressed therein, shall be irrevocable except by leave of the Court.

Provisions implied in submission.
S. 6, I. A. A.

4 Submission, unless a different intention is expressed therein shall be deemed to include the provisions set forth in the First Schedule, in so far as they are applicable to the reference under submission.

Reference to arbitrator to be appointed by third person.
S. 7, I. A. A.
appointment.

5. The parties to a submission may agree that the reference shall be to an arbitrator or arbitrators to be appointed by a person designated either by name or as the holder for the time being of any office or

Illustration.

The parties to a submission may agree that any dispute arising between them in respect of the subject matter of the submission shall be referred to an arbitrator to be appointed by the Bengal Chamber of Commerce, or as the case may be, to an arbitrator to be appointed by the President for the time being of the Bengal Chamber of Commerce.

Power for the Court in certain cases to appoint an arbitrator, umpire or third arbitrator.
S. 8, I. A. A.

6. (*1*) In any of the following cases :

(a) where a submission provides that the reference shall be to a single arbitrator, and all the parties do not, after differences have arisen, concur in the appointment of an arbitrator ;

(b) if a single appointed arbitrator neglects or refuses to act, or is incapable of acting, or dies, or is removed, and the submission does not show that it was intended that the vacancy should not be supplied and the parties do not supply the vacancy;

(c) where the parties or two arbitrators are at liberty to appoint an umpire or third arbitrator and do not appoint him;

(d) where an appointed umpire or third arbitrator refuses to act, or is incapable of acting, or dies, or is removed, and the submission does not show that it was intended that the vacancy should not be supplied, and the parties or arbitrators do not supply the vacancy;

any party may serve the other parties or the arbitrators, as the case may be, with a written notice to concur in appointing an arbitrator, umpire or third arbitrator.

(2) If the appointment is not made within seven clear days after the service of the notice, the Court may, on application by the party who gave the notice, and after giving the other party an opportunity of being heard, appoint an arbitrator, umpire or third arbitrator, who shall have the like power to act in the reference and make an award as if he had been appointed by consent of all the parties.

Power for parties in certain cases to supply vacancy, S. 9, I. A, A.

7. Where a submission provides that the reference shall be to two arbitrators, one to be appointed by each party then, unless the submission expresses a contrary intention,—

(a) if either of the appointed arbitrators refuses to act, or is incapable of acting, or dies, the party who appointed him may appoint a new arbitrator in his place;

(b) if, on such a reference, one party fails to appoint an arbitrator, either originally or by way of substitution as aforesaid, for seven clear days after the other party, having appointed his arbitrator, has served the party making default with notice to make the appointment, the

party who has appointed an arbitrator may appoint that arbitrator to act as sole arbitrator in the reference, and his award shall be binding on both parties as if he had been appointed by consent;

Provided that the Court may set aside any appointment made in pursuance of clause (b) of this section.

Power to supply vacancy in case of three arbitrators. S. 16 of the Administratoin of Justice Act. 1920 (10 and 11 Geo. 5 C. 81).

8. (1) Where a submission to abrbitration provides that the reference shall be to three arbitrators, one to be appointed by each party and the third to be appointed by the two appointed by the parties, then, unless the submission expresses a contrary intention—

(a) If any party fails to appoint an arbitrator for seven clear days after the other party, having appointed his arbitrator, has served the party making default with notice to make the appointment, the party who has appointed an arbitrator may appoint that arbitrator to act as sole arbitrator in the reference, and the award of the arbitrator so appointed shall be binding on both parties as if he had been appointed by consent;

(b) If, after each party has appointed an arbitrator, the two arbitrators appointed fail to appoint a third arbitrator within seven clear days after the service by either party of a notice upon them to make the appointment, the Court may, on an application by the party who gave the notice, exercise in the place of the two arbitrators the power of appointing a third arbitrator;

(c) If an arbitrator, appointed either by one of the parties, by the arbitrators, or by the Court refuses to act, or is incapable of acting, or dies, a new arbitrator may be appointed in his place by the party, arbitrators, or Court, as the case may be.

(2) The Court may set aside any appointment of a person to act as sole arbitrator made in pursuance of this section.

9. The arbitrators or umpire acting under submission shall, unless a different intention is expressed therein, have power—

Powers of arbitrators.
S. 10, I. A. A.

(a) to administer oath or affirmation to the parties and witness appearing;

(b) to state an award as to the whole or part thereof in the form of a special case for the opinion of the Court;

(c) to correct in an award any clerical mistake or error arising from any accidental slip or omission, or modify an award by striking out any part which the Court considers to be bad in law where such part can be separated from the rest.

10. (1) Any party to the submission may take out through the Court summonses to persons whose attendence is required to give evidence or to produce documents; provided that no persons shall be compelled under any such summons to produce any document which he could not be compelled to produce on the trial of a suit.

Summoning of witnesses by Court
S. 8, E. A. A.

(2) Except as provided by rules made under this Act, the rules of Order XVI of the Code of Civil Procedure, 1908, shall apply to summonses issued to witnesses by the Court under this Act so far as they are applicable.

V of 1908.

11. The time for making an award may, from time to time be enlarged by order of the Court, whether the time for making the award has expired or not whether the award has been made or not.

Power for Court to enlarge time for making award.
S. 25, I. A. A.

12. (1) An award on a submission may, by leave of the Court, be enforced in the same manner as if it were a decree of the court and the provisions of the Code of Civil Procedure 1908 relating to the execution

Enforcing award.
S. 12, E. A. A. S, 15, I. A. A.
V of 1908.

of decrees shall, so far as they are applicable, be deemed to apply to the enforcement of an award.

(2) No such leave shall be given until the time prescribed by rules made under this Act for making an application to modify, correct, remit, or set aside an award has expired, and if such an application has been made, until it is disposed of.

New.

13. No suit shall lie to contest the validity of a submission or an award on any ground other than fraud.

No suit to contest submission or award except for fraud, New.

14. (1) The Court may, from time to time, remit the award or any of the matters referred to therein for the reconsideration of the arbitrator or umpire.

Power to remit award. S. 13, I. A. A.

(2) The arbitrator or umpire shall reconsider the matters remitted to him or if the award is remitted to him make a fresh award, within three months after the date of the order of the Court or such other period as the Court directs.

15. Where an arbitrator or umpire has misconducted himself, the Court may remove him.

Power to remove arbitrator or umpir. S. 16, I. A. A.

16. (1) Where an arbitrator or umpire has misconducted himself, or an arbitration or award has been improperly procured, or where the award is otherwise invalid the court may set aside the award.

Power to set aside award. S. 14, I. A. A.

(2) No award shall be deemed to be invalid by reason only of its being based on a reference which amongst other matters includes matters the subject-matter of a pending suit or proceeding.

New.

17. Where any party to a submission or any person claiming under him commences any legal proceedings in any Court against any other party to a submission or any person claiming under him in respect of any matter agreed to be referred, any party to such legal proceedings

Power to stay proceedings where there is a submission. S. 19, I. A. A.

may, before filing a written statement or taking any steps in the proceeding, apply to the Court in which such legal proceeding is pending to stay the proceedings, and such Court, if satisfied that there is no sufficient reason why the matter should not be referred in accordance with the submission and that the applicant was at the time when the proceedings were commenced and still remains ready and willing to do all things necessary to the proper conduct of the arbitration, make an order staying the proceedings.

Statement of case pending arbitration. S. 19, E.A.A.

18. Any arbitrator or umpire may, at any stage of the proceedings under a submission and shall, if so directed by the Court, state that in the form of a special case for the opinion of the Court any question of law arising in the course of proceedings before such arbitrator or umpire, and such opinion shall form part of the award.

PART II.

Arbitration through a Court.

Parties to suits or proceedings may apply for order of reference. Paras. 1 and 3 (1), C.p.C., Sch. II.

19. In any suit or proceeding in any Court of Civil jurisdiction if all the parties interested agree, the Court may, at any time by order refer such suit or proceeding to the arbitrator agreed on by the parties, and shall fix such time as it thinks fit for the making of the award.

Court not to deal with the matter referred. para. 3 (2), Sch. II, C.p.C.

20. Where a matter is referred to abitration, the Court shall not, save in the manner and to the extent provided in this part of the Act, deal with such matter.

Where reference to two or more order to provide for difference of opinion. para. 4, Sch. II, C.p.C.

21. (1) Where the reference is to two or more arbitrators, provision shall be made in the order for a difference of opinion among the arbitrators—

(a) by the appointment of an umpire; or

(b) by declaring that, if the majority of the arbitrators agree, the decision of the majority shall prevail; or

(c) by empowering the arbitrators to appoint an umpire; or

(d) otherwise as may be agreed between the parties, or, if they cannot agree, as the Court may determine.

(2) Where an umpire is appointed, the Court shall fix such time as it thinks reasonable for the making of his award in case he is required to act.

Power of Court to appoint arbitrator in certain cases. Para. 5, Sch. II, C.P.C.

22. (1) In any of the following cases namely;—

(a) where the parties cannot agree within a reasonable time with respect to the appointment of an arbitrator, or the person appointed refuses to accept the office of arbitrator, or

(b) where an arbitrator or umpire—

(i) dies, or

(ii) refuses or neglects to act or becomes incapable of acting, or

(iii) leave British India in circumstances showing that he will probably not return at an early date, or

(c) where the arbitrators are empowered by the order of reference to appoint an umpire and fail to do so,

any party may serve the other party of the arbitrators, as the case may be, with a written notice to appoint an arbitrator or umpire.

(2) If, within seven clear days after such notice has been served or such further time at the Court may in each case allow, no arbitrator or no umpire is appointed, as the case may be, the Court may, on application by the party who gave the notice, and after giving the other party an opportunity of being heard, appoint an

arbitrator or umpire or make an order superseding the arbitration and in such case shall proceed with the suit.

Powers of arbitrator or umpire appointed under section 21 or section 22.
Para, 6, Sch. II, C.P.C.

23. Every arbitrator or umpire appointed under section 21 or section 22 shall have the like powers as if his name had been inserted in the order of reference.

Summoning witnesses and default.
Para. 7 Sch. II, C.P.C.

24. (1) The Court shall issue the same processes to the parties and witness whom the arbitrator or umpire desires to examine, as the Court may issue in suits tried before it.

(2) Persons not attending in accordance with such process, or making any other default, or refusing to give their evidence, or guilty of any contempt to the arbitrator or umpire during the investigation of the matters referred, shall be subject to the like disadvantages, penalties and punishments, by order of the Court on the representation of the arbitrator or umpire, as they would incur for the like offences in suits tried before the Court.

Extension of time or making award.
Para. 8, Sch. II, C.P.C.

25. Where the arbitrators or the umpire cannot complete the award within the period specified in the order, the Court may, if it thinks fit, either allow further time, and from time to time, either before or after the expiration of the period fixed for the making of the award, (whether an award has been made or not) enlarge such period; or may make an order superseding the arbitration, and in such case shall proceed with the suit or proceeding.

Where umpire may arbitrate in lieu of arbitrators.
Para. 9. Sch. II, C.P.C.

26 Where an umpire has been appointed, he may enter on the reference in the place of the arbitrators,—

(a) if they have allowed the appointed time to expire without making an award, or

(b) if they have delivered to the Court or to the umpire a notice in writing stating that they cannot agree.

27. Where an award in a suit or proceeding has been made the persons who made it shall sign it and cause it to be filed in Court, together with any depositions and documents which have been taken and proved before them; and notice of the filing shall be given to the parties.

Award to be signed and filed. Para. 10, Sch. II. C.P.C.

28. Upon any reference by an order of the Court, the arbitrator or umpire may, with the leave of the Court, state the award as to the whole or any part thereof in the form of a special case for the opinion of the Court, and the Court shall deliver its opinion thereon, and shall order such opinion to be added to and to form part of the award.

Statement of special cases by arbitrators or umpire. Para. 11, Sch. II, C.P.C.

29. The Court may, by order, modify or correct an award—

Power to modify or correct award. Para. 12, Sch. II, C. P. C.

(a) Where it appears that a part of the award is upon a matter not referred to a arbitration and such part can be separated from the other part and does not affect the decision on the matter referred; or

(b) Where the award is imperfect in form, or contains any obvious error which can be amended without affecting such decision; or

(c) Where the award contains a clerical mistake or an error arising from an accidental slip or omission.

30. The Court may, from time to time, remit the award or any of the matters referred to arbitration to the reconsideration of the arbitrator or umpire, and shall fix a time within which the arbitrator or the umpire has to submit his decision to the Court.

Where award or matter referred to arbitration may be remitted. Para. 14, Sch. II C. P. C.

31. (*1*) An award remitted under section 30 becomes void on failure of the arbitrator or umpire to reconsider it. But no award shall be set aside except on one of the following grounds, namely :—

Grounds for setting aside award. Para. 15, Sch. II, C. P. C.

(a) Corruption or misconduct of the arbitrator or umpire;

(b) Either party having been guilty of fraudulent concealment of any matter which he ought to have disclosed, or of of wilfully misleading or deceiving the arbitrator or umpire;

(c) The award having been made after the issue of an order by the Court superseding the arbitration and proceeding with the suit or being otherwise invalid.

(2) Where an award becomes void or is set aside under sub-section (1), the Court shall make an order superseding the arbitration and in such case shall proceed with the suit or proceeding.

Judgment to be according to award. Para. 16, Sch. II, C. P. C.

32. (1) Where the Court sees no cause to remit the award or any of the matters referred to arbitration for reconsideration in manner aforesaid, and no application has been made to set aside the award, or the Court has refused such application, the Court shall, after the time for making such application has expired, proceed to pronounce judgment according to the award, and no appeal shall lie from such judgment.

(2) Upon the judgment so pronounced in a suit, a decree shall follow, and no appeal shall lie from such decree except in so far as the decree is in excess of, or not in accordance with, the award.

PART III.

MISCELLANEOUS.

Orders from which appeal lies. S. 104, C. P. C.

33. (1) An appeal shall lie from the following orders passed by the Court under this Act to the Court authorised to hear appeals from the original decrees from such Court—

(a) an order under section 6 appointing an arbitrator, umpire or third arbitrator;

(b) an order under section 7 appointing an arbitrator, umpire or third arbitrator;

(c) an order under section 8 appointing an arbitrator, umpire or third arbitrator;

(d) the opinion of the Court delivered under section 9 (*b*);

(e) an order under section 12 giving leave to enforce an award;

(f) an order remitting the award under section 14 (*1*);

(g) an order under section 15;

(h) an order under section 16;

(i) an order under section 17;

(j) an order on an award stated in the form of a special case under section 27;

(k) an order modifying or correcting an award.

(*2*) No appeal shall lie from any order passed in appeal under this section.

Application of Order XLI of the Code of Civil Procedure to appeal
O. XLI, C. P. C.

34. The rules of Order XLI of the Code of Civil Procedure shall apply, so far as may be, to appeal under this Act.

Application of the provisions of the Code of Civil Procedure to all proceedings before Court.

35. Save in so far as they may be inconsistent with any rules framed under this Act, the provisions of the Code of Civil Procedure shall apply to all proceedings before the Court under this Act.

Order as to costs of arbitration.
P. 13, Sch. 1, C. P. C.

36. The cost of any proceedings before a Court under this Act shall be in the discretion of the Court. The Court may award costs to be paid between solicitor and client.

Power of High Court to make rules.
S. 20, I. A. A.

37. The High Court may make rules consistent with this Act as to—

(a) the grant of leave to enforce an award and all proceedings consequent thereon;

(b) applications to the Court for an order to the arbitrator or umpire to state a special case to the Court;

(c) the filings and hearing of the special cases and all proceedings consequent thereon or incidental thereto;

(d) applications to set aside the award to modify or correct it or to remit it or any of the matters referred to the arbitrator or umpire and all proceedings consequent thereon as to the time limit within which such application should be made;

(e) the transfer to the Presidency-towns or Small Causes for execution of awards for the enforcement of which leave has been given by the Court where the sum awarded does not exceed two thousand rupees;

(f) the staying of any suit or proceeding in contravention of a submission to arbitration;

(g) application to the Court for summons to witnesses and all proceedings consequent thereon;

(h) generally, all proceedings in Court under this Act.

Repeal of enactments.

38. The enactments mentioned in the Second Schedule are hereby repealed to the extent specified in the fourth column thereof.

Act not to apply to certain arbitration. S. 3, 1. A. A. VII of 1913.

39. This Act shall not affect any arbitration pending or any proceedings relating to any arbitration pending at the commencement of this Act or the provisions of the Indian Companies Act, 1913, relating to arbitration, but shall apply to any arbitration commenced after the commencement of this Act under agreement or order made before the commencement of this Act.

40. In section 21 of the Specific Relief Act, 1877, after the words "Code of Civil Procedure" the words and figures "The Indian Arbitration Act, 192," shall be inserted, and for the words "a controversy" the words "present or future differences" shall be substituted.

Amendment of s. 21, Act I of 1877. S. 21, I. A. A. I. of 1887.

41. The provisions of this Act shall be binding on the Crown.

Crown to be bound. S. 22, I. A. A.

THE FIRST SCHEDULE.

(See section 4.)

PROVISIONS TO BE IMPLIED IN SUBMISSIONS.

I. If no other mode of reference is provided, the reference shall be to a single arbitrator.

Sch. I., I. A. A.

II. If the reference is to two arbitrators, the two arbitrators may appoint an umpire at any time within the period during which they have power to make an award.

III. The arbitrators shall make their award in writing within three months after entering on the reference, or after having been called on to act by notice in writing from any party to the submission, or on or before any later day to which the arbitrators, by any writing signed by them, may, from time to time, enlarge the time for making the award.

IV. If the arbitrators have allowed their time or extended time to expire without making an award, or have delivered to any party to the submission, or to the umpire, a notice in writing stating that they cannot agree, the umpire may forthwith enter on the reference in lieu of the arbitrators.

V. The umpire shall make his award within one month after the original or extended time appointed for making the award of the arbitrators has expired, or on or before any later day to which the umpire, by any writing signed by him, may, from time to time, enlarge the time for making his award.

VI. The parties to the reference, and all persons claiming through them respectively, shall, subject to the provisions of any law for the time being in force, submit to be examined by the arbitrators or umpire on oath or affirmation in relation to the matters in dispute, and shall, subject as aforesaid, produce before the arbitrators or umpire all books, deeds, papers, accounts, writings, and documents within their possession or power, respectively, which may be required or called for, and do all other things which during the proceedings on the reference the arbitrators or umpire may require.

VII. The witnesses on the reference shall, if the arbitrators or umpire think fit, be examined on oath.

VIII. The award to be made by the arbitrators or umpire shall be final and binding on the parties and the persons claiming under them respectively.

IX. The costs of the reference and award shall be in the discretion of the arbitrators or umpire, who may direct to and by whom, and in what manner, those costs or any part thereof shall be paid, and may tax or settle the amount of costs to be so paid or any part thereof, and may award costs to be paid as between a solicitor and client.

THE SECOND SCHEDULE.

(See section 38.)

ENACTMENTS REPEALED.

Year.	No.	Short title.	Extent of repeal.
1899 ...	IX	The Indian Arbitration Act, 1899.	So much as has not been replaced.
1877 ...	I	The specific Relief Act, 1877.	The last 37 words.
1908 ...	V	The Code of Civil Procedure, 1908.	Section 89, clauses (*a*) to (*f*) of section 104 and the second Schedule.

STATEMENT OF OBJECTS AND REASONS.

The object of this Bill is to amend and consolidate the law relating to Arbitration in British India. The present Arbitration Act came into force on 1st July, 1899. Most of its provisions were borrowed from the English Arbitration Act, 1889, (52 & 53 Vict., c. 49). The English Arbitration Act is, however, a consolidated Act, containing provisions both as to arbitration through and outside the Court while the Indian Arbitration Act confines itself to submissions and awards made without the intervention of Court, and governing only certain Presidency-towns and other special local areas. In the last Civil Procedure Code of 1908 arbitration provisions were removed from the main body where they existed before, and made an appenage of the Code in Schedule II. Then, Sir Lawrence Jenkins, a prominent member of the Select Committee who were engaged on redrafting the clauses of the Bill, observed as follows:—

> "We have determined, therefore, to leave arbitration clauses much as they are in the present Code, but have placed them in a separate Schedule in the hope that at no distant date they may be transferred to a comprehensive Arbitration Act".

After the lapse of sixteen years, it is high time that attempt was made to realise that hope. During the interval, conflicting decisions of High Courts have revealed defects which require to be remedied. Sir Norman McLeod C. J. at page 265 of I. L. R. 45 Bombay remarked:—

> "The provisions of the Code relating to Arbitration were transferred with certain modifications to a separate Schedule in the hope that at no distant date they might be transferred into a comprehensive Arbitration Act. Unfortunately that hope has not been realised with the result that the law relating to arbitration still remains in a most undesirable condition".

The need for the present piece of legislation has been accentuated now that the dilatoriness of justice in Civil Courts has become so

intolerable as to necessitate the appointment of the Civil Justice Committee. All the more imperative, therefore, it becomes that the arbitration law which provides the speediest and cheapest means of administering justice should be placed on a sound basis, purged of all the errors and drawbacks which a quarter of a century's working has brought to light, and that its scattered provisions be brought together into a consolidated whole. Difficulties felt owing to the absence of provisions relating to appeals, and in construing sections 13 to 15 of the Act have been overcome,

The Associated of Chambers of Commerce assembled in Bombay in December last represented to Government the necessity of examining the law of arbitration and remedying its defects.

SIMLA;
The 9th September, 1924.

HARCHANDRAI VISHINDAS.

NOTES ON CLAUSES.

PART I.

Cl. 1. Definitions. In view of the extension of the scope of the present Act, the definition of Court has been altered.

Cl. 6, (*b*) The word 'single' has been added in that sub-clause to give effect to the ruling in Gopalji Kuverji *v*. Murarji Jerma I. L. R. 43 Bombay 809.

Cl. 8. Has been added on the lines of the new section 16 of the English Administration Act to supply an obvious deficiency.

Cl. 10. Has been newly added. The want of this clause has been frequently felt when parties to submission require the attendance of witnesses whom they cannot procure without process of Court.

Cl. 12. At present much confusion has arisen in construing sections 13 to 15 of the Act. Some Courts have held that as soon

as an award is filed by the arbitrators it becomes enforceable as a decree though an application to set it aside may be pending. This creates an anomaly, is opposed to the practice obtaining in England, entails great hardship on the defendants and is hardly consonant with justice. It has therefore been thought necessary to enact a provision similar to the one contained in the English Arbitration Act.

Cl. 13. It is but necessary to enact such a provision distinctly as its absence is likely to lead to unnecessary litigation.

Cl 16, (2) Is enacted to meet the difficulty created by the decisions in 16 Sind Law Reporter page 174 F. B. and I. L. R. 45 Bombay page 245.

Cl. 18. At present considerable difficulty is felt in the absence of a provision whereby the Court can compel the arbitrator to state a point of law for the opinion of the Court. And hence this provision.

Cl. 20. It is desirable to extend arbitration provisions of a civil nature other than suits.

Cl. 25. It is necessary to make a clear provision that the Court can extend time even after the award has been made.

PART III.

Cl. 33. At present the Arbitration Act applies to Presidency-towns and to Allahabad, Rangoon and Karachi. In Presidency-towns and Rangoon appeals are provided in the Charter, so in Allahabad by rules. In Karachi it has been held that no appeal lies. In the course of proceedings under the Indian Arbitration Act many important and complicated questions arise. It is therefore necessary to provide at least one appeal from the Court's orders. Moreover as the scope of the Act has now been extended to the whole of British India the provision as to appeals is necessary. Section 104 did provide appeals against orders under

the Second Schedule which applied to the whole of British India. Some of the clauses of that section have been omitted as being out of place in the amended provisions of this Bill.

HARCHANDRAI VISHINDAS,

No. T.-1046 dated the 3rd May 1926.

From Chamber to the Government of Bombay, Home Department, Bombay.

With reference to your letter of 9th March 1926, No. 9583-B, I am directed to send hereby views of the Committee of this Chamber on the subject noted above.

My Committee are in sympathy with the object sought to be achieved. The conditions prevailing prior to the year 1899 when the Indian Arbitration Act was passed have entirely disappeared and the Indian mercantile community in particular and the people generally all over the country are at present not only willing but anxious to get their disputes settled through private arbitration as a comparatively expeditious and inexpensive method. One unified Act applying to all India and embracing the whole law as to both private arbitration as well as arbitration through the Court would, in the opinion of my Committee, be the most suitable, as it will simplify references by arbitrators as well as litigants. My Committee are of opinion that the whole question should be taken by the Government at an early date and a more comprehensive Bill be introduced by the Government themselves in view of the fact that Mr. Harchandrai's Bill is not likely to reach even the Committee stage before the Assembly is dissolved, though he introduced it as early as 9th September 1924. The various recommendations of the Civil Justice Committee may also be advantageously dealt with on that occasion and incorporated in the Bill if found proper and suitable. As for the alterations from or additions to the present law suggested by the present Bill the views of my Committee may be summarised as below :-

In case of Clause 3 the change contemplated seems to be drastic because there is no reason why other grounds besides that of "Fraud" should not be permitted to be urged with a view to set aside the award as at present. Misconduct of an arbitrator such as wrongfully refusing to examine witnesses or where he has, known, to one or more parties, an interest in the result of the award, or he has committed a serious error of fact or of law which is clear on the face of the award, or if the award is not definite and final etc., are some of the grounds among many others on which it should be open to the aggrieved party to come to the Court to get the same set aside. The author of the Bill as per his notes states as his reason for adding this new rule that "its absence is likely to lead to litigation." The experience of those in the Presidency Towns where the present Arbitration Act has been working for many years is that, the Courts as a rule discountenance faked-up petitions and the tendency always is strongly to uphold the award and support the arbitration, unless something radically wrong is brought to light. These petitions in the High Courts are dealt with in Chambers by the Chamber Judges and very little time is wasted in arguing same out. My Committee therefore believe that the clause such as the one proposed is likely to do more harm than good.

My Committee have nothing to say with regard to the other clauses.

APPENDIX 69.

AMENDMENT IN THE INDIAN FACTORIES ACT.

No. 741/13600/D, Bombay Castle, 4th October, 1926.

From the Government of Bombay General Department to Chamber.

I am directed by the Governor in Council to forward herewith a copy of this Government Resolution, No. 741, dated the 4th October 1926, on the subject noted above, and to request that you will be

so good as to favour Government with the views of your Chamber not later than the 25th November 1926, on the provisions of the Bill accompanying it.

Indian Factories Act.

Amendment of.

Government of Bombay,

GENERAL DEPARTMENT,

Resolution No. 741.

Bombay Castle, Dated the 4th October, 1926.

* Letter from the Government of India, Legislative Department No. F. 111-1-25 A. C., dated the 17th September, 1926 :—

Resolution :—Copies of the letter from the Government of India and accompaniments should be forwarded to the Honourable the Chief Justice and Judges of His Majesty's High Court of Judicature Bombay, the Commissioner in Sind, the Commissioners of Divisions the Collector of Bombay, the Director of Industries, the Director of Information and Labour Intelligence, the Commissioner for Workmen's Compensation, Bombay, the Remembrancer of Legal Affairs, the Millowners' Associations, Bombay and Ahmedabad, the Indian Merchants' Chamber, Bombay, the Chambers of Commerce, Bombay and Karachi, the Bombay European Textile Association, the Bombay Engineering Employers' Federation, the Social Service League and the Kamgar Hitwardhak Sabha, and they should be requested to favour Government with their opinions on the provisions of the Bill and to send their replies not later than the 25th November 1926.

2. The Manager, Government Central Press, should be requested to print the Bill with the Statement of objects and Reasons in the *Bombay Government Gazette*. The Oriental Translator to Government should be requested to have it translated into Marathi, Gujarati, Kanarese and Urdu and to forward the translations to the Manager Government Central Press, for publication in the *Gazette*. The

* Copy appended.

Commissioner in Sind should be requested to take a similar action with regard to Sind. The Manager, Government Central Press and the Commissioner in Sind should also be requested to report to Government the dates of the publication of the Bill and Statement in English and vernaculars.

By order of the Governor in Council,

A. H. Dracup,

Under Secretary to Government.

G.R., G.D., no. 741, dated the 4th October, 1926.

No. F. III-I/26-A-C.

GOVERNMENT OF INDIA.

LEGISLATIVE DEPARTMENT.

From

L. GRAHAM Esq., C.I.E., I.C.S.,

Secretary to the Government of India,
to the Provincial Governments and Administrations.

SIR,

With reference to the debates of the Lagislative Assembly of the 23rd August 1926, I am directed to forward herewith copies of the papers noted below* and to request that the Governor in Council / you will favour the Government of India in this department with an expession of his/your opinion on the provisions of the Bill and with opinions of (the Hon'ble the Judges of the High Court and of†)

---

†Only in letters to Madras, Bombay, United Provinces, Punjab, Bihar and Orissa, and Burma.

Annexure A.—The Indian Factories (Amendment) Bill with the Statement of Objects and Reasons.

Annexure B.—Extract from the debates of the Legislative Assembly of 23rd August 1926 regarding the Bill.

Annexure C.—Clause 5 of the Indian Factories (Amendment) Bill as introduced in the Legislative Assembly on the 17th September 1925, together with the Report of the Select Committee thereon.

such selected officers and other persons as the Governor in Council you may think fit to consult on the subject.

2. The origin of the present proposals for the control of excessive temperatures in factories was given by the Hon'ble Sir B. N. Mitra in his speech in the Legislative Assembly on the 23rd August 1926 (Annexure B) moving for the circulation of the Bill. In clause 5 of the Indian Factories (Amendment) Bill, which was introduced in the Legislative Assembly on the 17th September 1925 (Annexure C), it was proposed to leave it to the discretion of the Factory Inspectors to enforce the adoption of such measures as they considered necessary to secure that a reasonable temperature was maintained inside a factory. The opinions received on this clause of the Bill indicated that although local Governments were agreed that it was desireable to take steps to control temperature in factories, there was considerable difference of opinion regarding the most suitable method of exercising control. But the majority of the Select Committee appointed by the Legislative Assembly to consider the Bill recommended, for the reasons given in their report (Annexure C) that the clause should be deleted from the Bill. The Government of India, although they were not in agreement with this conclusion, decided to take no steps to secure the insertion of a clause relating to temperature, as they recognized that the clause deleted by the Select Committee was open to criticism, and they were anxious to give fuller consideration than was then possible to give to the preparation of fresh proposals. The discussion on Mr. Joshi's amendment to reintroduce clause 5 of the original Bill will be found in the debates of the Assembly of the 17th March, 1926.

3. The Bill now circulated for opinion requires that the temperature in any part of a factory in which a manufacturing process is being carried on shall not be so high as to be injurious to the health of the persons employed therein and empowers the local Government to lay down standards of temperature and the methods to be adopted to secure their observance. The clauses proposed, if adopted, will extend to the control of temperature the method already in force for the control of ventilation and artificial humidifica-

tion. Apart from any other comments which the local Government/you may wish to make on this Bill, the Government of India would in particular, be glad to know how far it would be practicable to prescribe and enforce standards of temperature as now proposed.

4. As the Hon'ble Sir B. N. Mitra stated in the Legislative Assembly, the Bill now introduced is of a tentative nature; it has been put forward as a basis for discussion and the Government of India would welcome any other suggestions which the local Government/you may wish to make. In particular, I am to bring to the notice of the local Government/your notice the following alternative proposal which was considered by the Government of India. Inspectors of factories might be required by law to make recommendations to the local Government for remedial measures in respect of such premises in which the temperature in their opinion is likely to be injurious to the health of the persons employed therein. The local Government could, if they accepted the recommendation, authorize the Inspector to issue a provisional order calling on the Manager of a factory to carry out before a specified date any measures (e.g. roof spraying, white-washing, etc.) specified in the order and calculated to reduce the temperature in a factory or a part of a factory, or to state any objections he had to make to the confirmation of the order. In the absence of any valid objections, the order could be made final with the approval of the local Government. The possible objections to this proposal appear to be twofold. In the first place, the local Government, might find it difficult to arrive at a decision on the recommendation of a factory Inspector unless they had previously determined the standard of temperature which could be regarded as reasonable in any particular case. If so, it follows that this scheme may offer no certain advantage over that embodied in the *Bill*. In the second place, the local Government might consider it undesirable that they should be burdened with the task of deciding on the merits of a series of technical objections, many of which could not be settled without technical, and possibly, local knowledge.

*5. I am also to request that the Bill and Statement may be published in the † Gazette in English and in such other languages as the Governor in Council/you may deem proper, and that the dates of such publication may be communicated in your reply.

6. I am to ask that the reply to this letter may be sent in by the 15th January 1927, if possible.

I have the honour to be,

Sir,

Your most obedient servant,

L. GRAHAM,

Secretary to the Government of India.

[As introduced in the Legislative Assembly.]

A

BILL

Further to amend the Indian Factories Act, 1911, for a certain purpose.

WHEREAS it is expedient further to amend the Indian Factories Act, 1911, for the purpose hereinafter appearing; It is hereby enacted as follows:—

XII of 1911.

1. This Act may be called the Indian Factories (Amendment) Act, 192 .

Short title.

---

*Omit this paragraph in letters to Ajmer and British Baluchistan and Delhi.

†Fort St. George, Bombay Government, Calcutta, Bihar and Orissa, United Provinces, Punjab Government, Burma, Central Provinces, Coorg District, Assam and North-West Frontier Province.

2. To section 9 of the Indian Factories Act, 1911 (hereinafter referred to as the said Act), after clause (*d*) the following clause shall be added, namely :—

Amendment of section 9, Act XII of 1911.

"(*e*) the temperature in any part in which any manufacturing process is being carried on shall not be such as to be injurious to the health of the persons employed therein."

3. In sub-section (2) of section 37 of the said Act, in clause (*g*) for the words "and artificial humidification" the words "artificial humidification and temprature" shall be substituted.

Amendment of section 37, Act XII of 1911.

STATEMENT OF OBJECTS AND REASONS.

The Indian Factories Amendment Bill as introduced in the Legislative Assembly in September 1923, contained a clause providing for the insertion in the Indian Factories Act, 1911, of the following section,—

"9A. (*1*) In every factory a reasonable temperature shall be maintained.

(2) In the case of any factory in which, in the opinion of the inspector, a reasonable temperature is not maintained, the inspector may serve on the manager of the factory an order in writing, specifying the measures which he considers necessary to maintain a reasonable temperature, and requiring him to carry them out before a special date."

The Select Committee appointed to consider the Bill decided by a majority to delete this clause on the ground that in present conditions it would impose a real burden on employers with only a problematical advantage to the operatives. When the Bill as amended by the Select Committee was being considered by the Legislative Assembly, Mr. Joshi moved an amendment for the re-insertion of the original clause, and although the amendment was defeated, it was clear from the discussion that a number of members considered that the Factories Act should contain some provision enabling control to be exercised over temperatures in factories. With this view, the Government of India, who recognised the force of the criticisms directed against the proposed section, are in accord and the present

Bill represents another possible solution of the difficulty. Clause 2 provides that the temperature shall not be excessive in those parts of the factory where manufacturing processes are being carried on. In order to assist in the determination of what constitutes an excessive temperature, it is proposed in clause 3 that Local Governments should have the power to prescribe standards. This clause will also enable Local Governments to prescribe the methods to be adopted to secure observance of the standards fixed.

B. N. MITRA.

The 2nd August 1926.

GOVERNMENT OF INDIA.

LEGISLATIVE DEPARTMENT.

THE INDIAN FACTORIES (AMENDMENT) BILL.

The Honourable Sir Bhupendra Nath Mitra.—Member for Industries and Labour, Sir, I beg to move that the Bill further to amend the Indian Factories Act, 1911, for a certain purpose, be circulated for the purpose of eliciting opinions thereon.

Honourable Members will no doubt recollect that the Indian Factories (Amendment) Bill, as introduced by me in this House in September 1925, included provisions for the maintenance of a reasonable temperature in every factory and for the grant of power to Factory Inspectors requiring factory managers to carry out specified measures for maintaining a reasonable temperature in their factories. When the Bill was circulated for opinion these specific provisions gave rise to a certain amount of adverse criticism, though the principle underlying the provisions received almost unanimous support. The majority of the Select Committee which sat on the Bill and which submitted its report on the 9th March 1926, however, decided to eliminate the provisions. They expressed the opinion that those provisions, or even a provision which would enable the Local Government by rules to lay down standards of temperature suitable for various localities and various classes of factories would, until an adequate investigation and research in regard to this very difficult problem had been completed on a far more thorough scale than heretofore, impose a real burden upon employers and would only be a problematical advantage to the employees,

When the Bill as amended by the Select Committee came up for consideration in this House on the 17th March 1926, my friend Mr. Joshi moved an amendment restoring the provisions excised by the majority of the Select Committee. The amendment was opposed by my friend Mr. Kasturbhai Lalbhai; and for reasons which I gave on that occasion, I was unable on behalf of Government to accept the precise amendment proposed by my friend Mr. Joshi or to propose any modification of that amendment. I promised, however, to bring up the matter for discussion at the next Session of the Assembly. To implement that promise I have introduced the Bill now before us. It is based largely on suggestions received from the Bombay Government and from one or two other sources. At the same time I cannot overlook the fact that the majority of the Select Committee which dealt with the Factories Amendment Bill last Session were not in favour of the provisions now proposed by me. After my visit to some of the textile factories in Ahmedabad and Bombay in April last, I have no doubt in my own mind that in the interest of the welfare of the labourers some action in the direction contemplated in the Bill now before this House is necessary; and I am sure that my friend Mr. Kasturbhai Lalbhai who was kind enough to show me round some of the Ahemdabad mills will now agree in this view. At the same time, I am not so sure about the efficacy from the practical point of view of the specific provisions included in the Bill before the House, and it is possible that people with a better knowledge of the conditions than I possess may be able to suggest a more practical remedy. It is for this reason that I am moving that the Bill be circulated for eliciting opinion. I know that the result will be that the Bill will be dead so far as the present Assembly is concerned; but we hope to be able to collect the information in the next four or five months and bring up the matter again in the next Session of the House. The delay involved will not be of any importance from a practical point of view; for even if I had moved the House to pass the Bill in its present form and the House were inclined to this course, it would take some months, if not years, to make the provisions of the Bill effective. That being the position, I submit that I am justified in asking that the proposals embodied

in the Bill before the House should be subjected to more careful scrutiny at this stage. Sir, I move the motion.

The motion was adopted.

Enclosure C.

A BILL FURTHER TO AMEND THE INDIAN FACTORIES ACT, 1911.

(Introduced in the Legislative Assembly on the 17th September 1925.)

Whereas it is expedient further to amend the Indian Factories Act, 1911, for the purposes hereinafter appearing, It is hereby enacted as follows :—

XII of 1911.

1. (1) This Act may be called the Indian Factories (Amendment) Act, 192 .

Short title and commencement.

(2) It shall come into force on such date as the Governor General in Council may, by notification in the Gazette of India appoint.

* * * *

5. After section 9 of the said Act, the following section shall be inserted, namely :—

Insertion of new section 9A in Act XII of 1911.

"9A. (1) In every factory a reasonable temperature shall be maintained.

Temperature.

(2) In the case of any factory, in which in the opinion of the inspector, a reasonable temperature is not maintained, the inspector may serve on the manager of the factory an order in writing, specifying the measures which he considers necessary, to maintain a reasonable temperature, and requiring him to carry them out before a specified date."

* * * *

LEGISLATIVE DEPARTMENT.

We, the undersigned, Members of Select Committee to which the Bill further to amend the Indian Factories Act 1911, was referred have considered the Bill and the papers noted in the margin, and have now the honour to submit this our Report, with the Bill as mended by us annexed thereto.

Paper No. I
Paper No. II.
Paper No. III.
Paper No. IV.

* * * *

Clause 5.—After considerable discussion we have by a majority decided to eliminate this clause. The majority of us are of opinion that a provision of this kind or even a provision which would enable the Local Government by rules to lay down standards of temperature suitable for various localities and various classes of factory would, until investigation and research in regard to this very difficult problem has been compeleted on a far more through scale than heretofore, impose a real burden upon employers with only a problematical advantage to the employee.

* * * * *

B. N. MITRA.*

T. RANGACHARIAR.*

W. S. J. WILLSON.

N. M. JOSHI.*

L. GRAHAM.*

A. G. CLOW.*

B. DAS.*

BIPIN CH. PAL.*

SARFARAZ HOSAIN KHAN.*

The 8th March, 1926.

* Subject to note of dissent.

NOTES OF DISSENT.

We are opposed to the omission of any provision relating to the maintenance of a reasonable temperature in factories. We recognise the force of the main criticisms directed against the terms of clause 5 of the original Bill. There are obvious dangers in leaving it to Inspectors to decide what constitutes a reasonable temperature, and it is probably true that in most factories no restrictions are required while in others regulations could only be imposed after careful investigations and with full regard to seasonal variations, the nature of the processes and other circumstances. But the main principle of the clause was not opposed by a single Local Government, and we consider that the Select Committee should have recast the clause in such a manner as to meet the criticisms mentioned above. There are factories where necessary hardship is at present caused to the operatives by the maintenance of temperatures which could be substantially reduced by simple and inexpensive means and it is desirable the Local Governments should be in a position to insist on reasonable steps being taken in such cases.

B. N. MITRA.

L. GRAHAM.

BIPINCHANDRA PAL.

A. G. CLOW.

I do not agree with the majority in ommitting clause, 5 of the Bill. I think it is absolutely necessary in the interest of workers working in factories that there should be some provision relating to the temperature in factories. I hope the Assembly will reinstate that clause.

* *

N. M. JOSHI.

No. T. 2267-dated the 18th November, 1926.

From Chamber to the Government of Bombay General Department Bombay.

With reference to your letter No. 741-13600-D, dated the 4th October, 1926, I am directed to inform you that as the points raised in the above Bill are technical in nature, my Committee have no views to offer on the same.

APPENDIX 70.

AMENDMENT IN CIVIL PROCEDURE CODE.

No. 748-2-B. Bombay Castle, dated the 16th October, 1926.

From Government of Bombay Home Department to Chamber.

I am directed by the Governor in Council to forward herewith a copy of Government Resolution No. 748-2, dated this day, on the subject noted above, and to request that you will be so good as to move the Indian Merchants' Chamber, Bombay, to favour Government with their views on the provisions of the Bill to amend the Code of Civil Procedure.

Bill,

Civil Procedure Code :

Amendment of—security for costs in

Second Appeals.

GOVERNMENT OF BOMBAY.

HOME DEPARTMENT.

Resolution No. 748-2.

Bombay Castle, 21st September, 1926.

Letter from the Government of India, Legislative Department, No. F.-79-II-26-A.C., dated the 31st August 1926 :—

"With reference to the Debates of the Legislative Assembly of the 25th August 1926, I am directed to forward herewith copies of the papers noted below* and to request that the Governor in Council will favour the Government of India in this Department with an expression of his opinion on the provisions of the Bill, and with the opinions of the Honourable the Judges of High Court and of such selected officers and other persons as the Governor in Council may think fit to consult on the subject.

"2. I am also to request that the Bill and Statement may be published in the *Bombay Government Gazette* in English and in such other languages as the Governor in Council may deem proper, and that the dates of such publication may be communicated in your reply.

"3. The reply to this letter may be sent in by the 1st December 1926".

Resolution.—Copies of the foregoing letter from the Government of India and of its accompaniments should be forwarded to the High Court, the the Court of the Judicial Commissioner of Sind, the Commissinor in Sind, the Commissioners of Divisions, the Advocate General, Bombay, the Remembrancer of Legal Affairs, the Solicitor to Govvernment, All District Judges, the Government Pleader, High Court, Bombay, and the Government Pleader and Public Prosecutor in Sind, with a request that they will favour Government with their opinions on the provisions of the Bill. The District Judges should consult the local Bar Associations and submit their opinions through the High Court or the Court of the Judicial Commissioner of Sind, as the case may be.

2. Copies of the letter from the Government of India and of its accompaniments should also be forwarded to the Bombay Bar Associa

* (1) A Bill further to amend the Code of Civil Procedure, 1908 for a certain purpose with Statement of Objects and Reasons. (2) Extract from Legislative Assembly Debates dated 25th August 1926 regarding the Bill.

tion, the Karachi, Bar Association, the Bombay, Incorporated Law Society, the Pleaders' Association of Western India, the Bombay Vakils' Association, the Chamber of Commerce, Bombay, the Chamber of Commerce, Karachi, the Bombay Presidency Trades' Association and the Indian Merchants' Chamber, and they should be requested to favour Government with their opinions on the provisions of the Bill.

3. The Bill with the Statement of Objects and Reasons should also be forwarded to the Manager, Government Central Press, for publication in the *Bombay Government Gazette* and the Oriental Translator to Government for early translation into Marathi, Gujarati, Kanarese and Urdu. The translations should be forwarded to the Manager, Government Central Press, for the publication in the *Bombay Government Gazette*.

4. The Commissioner in Sind should be requested to have the Bill and the Statement of Objects and Reasons published in *Sind Official Gazette* both in English and in Sindhi.

5. The Commissioner in Sind and the Manager, Government Central Press, should report to Government the dates on which the Bill with the Statement of Objects and Reasons and the translations are published.

6. The opinions called for in the foregoing paragraphs should reach Government not later than the 1st November, 1926.

By order of the Governor in Council,

I. H. TAUNTON,

Acting Secretary to the Government of Bombay,

HOME DEPARTMENT.

G. R. No. 748-2, H. D., dated the 21st September, 1926.

[As introduced in the Legislative Assembly.]

A

BILL

Further to amend the Code of Civil Procedure, 1908, for a certain purpose.

Whereas it is expedient further to amend the Code of Civil Procedure, 1908, for the purpose hereinafter appearing; It is hereby enacted as follows :—

Short title.

1. This Act may be called the Code of Civil Procedure (Second Appeals) Act, 1926.

Amendment of Order XLII in the First Schedule to Act V of 1908.

2. In order XLII in the First Schedule to the Code of Civil Procedure, 1908,—

(*a*) in rule 1, before the words "The rules" the words "Subject to the provisions of this Order" shall be inserted; and

(*b*) after rule 1 the following rule shall be added, namely :—

"2. Where the decree from which a second appeal is preferred affirms the decision of the Court by which the original decree was passed, the High Court shall, unless it dismisses the appeal under the procedure prescribed in rule 11 of Order XLI, require the appellant to deposit, in cash or Government securities, security to such amount as the Court thinks fit for the costs of the appeal and shall not call upon the respondent to appear and answer the appeal until such security has been furnished, and, if such security is not furnished within such time as the Court orders, the Court shall reject the appeal :

Security for costs in certain second appeals.

Provided that the High Court may dispense with such security in any case in which it is of opinion that the decision from which the appeal is preferred is on the face of it contrary to law or some usage having the face of law."

STATEMENT OF OBJECTS AND REASONS.

In order to protect the interests of a respondent in a second appeal in the matter of recouping his costs, the Civil Justice Committee recommended that in every second appeal to the High Court the appellant should deposit in Court by way of security for the respondent's costs, in cash or in Government promissory notes, a definite sum being the amount of any costs awarded against him in the lower Courts *plus* the amount at which the respondent, if successful, could tax his pleader's fee under the High Court rules. The opinions of Local Governments and High Courts and of the authorities consulted by them vary from complete acceptance of the Committee recommendation to complete rejection, but a considerable body of opinion is in favour of restricting the proposal to second appeals from concurrent judgments only, subject to the following conditions:—

(1) that the High Court should have power to dispense with security for costs when the judgment appealed from is on the face of it erroneous in law or when a subsequent decision of the High Court or of the Privy Council has modified or altered the law ;

(2) that security should be required only on admission of the appeal under Order XLI of the Code of Civil Procedure ;

(3) that security should be limited to costs of the second appeal in the High Court ; and

(4) that security should be furnished only in cash or Government securities.

These restrictions appear to be desirable, and it is considered that the proposal in its restricted form will ensure sufficient protection to a respondent in a second appeal. The Bill gives effect to the proposal.

ALEXANDER MUDDIMAN.

4th August 1923.

THE CODE OF CIVIL PROCEDURE (SECOND AMENDMENT) BILL.

The Honourable Sir Alexander Muddiman (Home member): Sir, I beg to move "that the Bill further to amend the Code of Civil Procedure, 1908, for a certain purpose, be taken into consideration."

This, as I explained when I was introducing the Bill, deal with the question of security for costs on second appeals. It lays down that where a second appeal is preferred against concurrent decision, the Court shall, save in circumstances which are specified in the provisio, require security.

I regard this Bill as of considerable importance, but I am unable to say that it is a Bill of immediate urgency. It is desirable no doubt that it should be dealt with as soon as possible. It is based on a recommendation of the Civil Justice Committee. It has been round for opinion—or rather—it would be more correct to say that the principle of tha Bill has been round for opinion. The actual Bill with the safeguards as now proposed by me has not been considered by the authorities we usually consult on these matters.

I see no one is apparently objecting to the principle of the Bill, though, apparently, there is a desire that further consultation should take place before it is enacted. Well, Sir, I am not prepared, if there is on the part of the House generally a desire that this Bill should be circulated, to oppose that measure. I should like to hear what the Honourable Member, in whose name the amendment stands, has to say in support of his proposal; but as at present advised I do not propose to oppose it. That being the case I do not desire to take up the time of the House longer on a matter which, perhaps, might be left for future consideration, and I simply move my motion.

Sir Hari Singh Gour (Central Provinces Hindi Divisions: Non-Muhammadan): Sir, I beg to move:

"That the Bill be circulated for the purpose of eliciting opinions thereon."

My reasons for my motion are as follows Honourable Members will find that this Bill is the outcome of a recommendation of the

Civil Justice Committee contained in Chapter 26, pages 361 and 362 of their Report. The Honourable authors of this Report were not quite sure of the ground on which they recommended the curtailment of the right of second appeal. I will read to you what they say at page 361.

"The right of second appeal as at present exists gives to a rich litigant a chance of firing out the poor litigant, even although there be little in his appeal. No procedure that can be devised will affect the rich and poor equally in the end."

So while having enunciated a difficulty as to how to equalize justice between the rich and the poor, they confess that any procedure laid down will not equalize justice, which is their aim to do.

Now turning to page 362 of their Report, I find the following passage occuring there. After stating the case, *pro and con* they frankly admit that there is the risk of injustice being done to the poor litigant who is unable to furnish security and who may have a very good case, as I shall presently point out, not covered by the Bill which is before this House. They go on to say :

"We think that a very reasonable rule would be as follows, to require the appellant to deposit the amount of any costs awarded against him in the lower courts, *plus* the amount at which the respondent, if successful, could tax his pleader's fee under the High Court rules.'

Now the narrow rule that they advocated was this, that the schedule cost of the successful litigant before the first court, *plus* the schedule cost which would be awarded to him if the appeal is successful, should be alone the subject of security by the appellant.

Now, if you turn to the Bill you find that it goes very much further. I am reading from the Bill itself, clause 2. Honourable Members will find that the Bill provides that :

"Where the decree from which a second appeal is preferred affirms the decision of the Court by which the original decree was passed, the High Court shall, unless it dismisses the appeal under the

procedure prescribed in rule 11 of Order XLI,"—

it means summary dismissal—

"require the appellant to deposit, in cash or Government securities, security to such amount as the Court thinks fit for the costs of the appeal and shall not call upon the respondent to appear and answer the appeal until such security has been furnished."

Now, Sir, I beg to submit that this does not carry out the recommendation of the Civil Justice Committee, and even if it were the case, I should still object to the enactment of this piece of legislation on various grounds which I shall now give to the House. Honourable Members.....

The Honourable Sir Alexander Muddiman: If Honourable friend argues the case against the Bill I will withdraw my offer.

Sir Hari Singh Gour: I am not arguing the case against the Bill, so that the Honourable Home Member need not be unecessarily anxious.

Mr. President: The Honourable Member knows that the Honourable the Home Member has made an offer that he would not oppose the motion for circulation of the Bill, if there is a general desire in the House in that behalf. Under the circumstances I do not think it is proper for the Honourable Member to go into the details of the Bill at the stage.

Sir Hari Singh Gour: I simply wanted to give the country a lead, so that they may be able to see what are the good points and what are the objectionable points of this Bill, and I submit that it is the desire of this House that this House should express its views and go to the country and say, "These are the views *pro and con*. What do you say?' I submit, if we do so, we shall be fortified by the opinions received from the country on the merits and demerits of the Bill. It is with that object in view that I am setting out all the points in favour of it and a great deal more that is against it. I do not wish at this stage to prejudice the issue, but I only wish to say that, so far as we on this side of the House are concerned, we wish

to set out what to us seem objectionable features in the Bill, and it is on that that we want the public to give their opinion—Are they in favour of the enactment of this Bill? If they are, then I submit the wind will have been taken out of our sails and we shall say that all the objections that we took to this Bill have been considered by the public, and the Bill has received the blessing of the public after consideration of those objections, and we have nothing more to say.....

Mr. President: Order, order, Honourable Member is technically in order, but I must remind him that he runs the risk of the offer being withdrawn.

Sir Hari Singh Gour: I do not think, Sir, the Honourable the Home Member will be so unchivalrous as to withdraw the offer. The objections I am raising I am raising in the interests of justice. I am not doing it in the interests of any class at all, and if the Honourable Member still thinks that I should not set out the objections which I have to the Bill, then I certainly will accept his offer and stand muzzled here; but if, on the other hand, the Honourable Member is himself anxious to hear what can be said against the Bill, then Sir I shall proceed.

Mr President: The Honourable the Home Member has already said that he is not very anxious to hear the Honourable Member. (Laughter). Does the Honourable Member wish to continue?

Sir Hari Singh Gour: I would not continue if the Honourable Member withdraws his offer, but if the Honourable Member's offer holds good, I should like to continue. I shall not be long and shall state the objections very shortly.

The Honourable Sir Alexander Muddiman: Sir, I would only like to say that nothing is further from my thought than to muzzle my Honourable friend from Nagpur, but I do think it is a little wasteful of the time of the House to discuss at length a Bill which must come up after circulation and must then go to Select Committee where ample opportunity will be given to the Honourable Member to state his views. I thought he would take the line that

circulation was desirable because special consultation had not taken place; that is the only justification I can consider for accepting his motion.

Sir Hari Singh Gour: Sir, I am glad of the Honourable Member's assurance that he does not exactly muzzle me, (laughter) but he wants me to be brief, and I shall carry out that condition by being as brief as possible. There are four things, Sir, in this Bill. The first is that if the two subordinate courts decide concurrently upon questions of fact and law then the unsuccessful litigant can file an appeal, subject to the proviso to which I shall refer presently, unless he deposits such costs as the court considers fit. Now this Bill, Sir, contains materially the right of second appeal. Under section 100 a second appeal would lie, not only if the decision of the court below is contrary to law or some usage having the force of law, but also, as provided in clauses (*b*) and (*c*) of section 100, which have been entirely ignored in the Bill under reference, namely, that a second appeal lies where the decision has failed to determine some material issue of law or usage having the force of law, or omission to decide that question or where there is a substantial error or defect in the procedure. Clause (c) of this Bill deals only with clause (a) in the proviso, but entirely overlooks clauses (b) and (c) and what is the attitude of the Government so far as clauses (b) and (c) of section 100 are concerned? That is my first point.

My second point is that in a very large number of cases, as the Honourable the Home Member must be aware, property of over Rs. 1 ',000 may be indirectly involved; cases of easements, light and air and water and so forth. Now the Honourable Member is aware that all such cases are directly appealable to the Privy Council because they indirectly involve questions relating to property over Rs. 10,000 in value. Now look at the incongruity that this Bill introduces. The High Court is debarred from hearing those appeals if they came under section 100, clauses (b) and (c), but there is a right of appeal to the Privy Council. In other words, though you wish to minimise cases the chances are that in some cases to which I have converted, the

costs will be multipiied. Then, Sir, what about the poor man? The appellant may be a poor man who may have suffered injustice; he may have no money to pay for security. I beg to ask what provision has been made in the case of a poor appellant? The Civil Justice Committee referred to that question, but they did not offer any practical solution of it.

My last point is, Sir, I agree with the opinion of the Calcutta Bar that the subordinate judiciary in this country has not yet come up to that degree of judicial perfection as to take away from the High Court the salutary check which exists of revising the judgments of the lower court when they have gone wrong on questions of law. Need I remind the Honourable the Home Member what percentage of cases that go up from the High Courts of India to the Privy Council are upset by that august tribunal on the ground that the High Court have gone wrong on questions of law. And may I further remind the Honourable the Home Member how often Their Lordships of the Privy Council have themselves gone wrong? And is it not a fact that this Legislature has often to intervene to declare and settle the law which has been unwittingly unsettled by Their Lordships of the Privy Council? Now Sir, law is a very complex problem; it is a it is a very difficult, it is a life-long, study. Many of us who have devoted all our lives to the service of the law still feel diffident on some of the most elementary principles and upon the most simple questions that are referred to us for solution. I ask the Honourable the Home Member, does he not think that the check which the High Court exercises and exercises rightly, over the decisions of the lower courts should be continued? Now Sir these are my objections against the Bill and now I shall proceed to show that the Bill is not wholly devoid of merit. (Laughter.)

The Rev Dr. E. M. Macphail (Madras: European): May I rise to a point of order? I did not want to interrupt Sir Hari Singh Gour, but I should like a definite ruling whether he is in order, on a motion of this kind to discuss the Bill itself, to discuss the advantages and disadvantages of the Bill. For example, the other day on the motion that my friend the Honourable Mr. Rangachariar moved,

would it have been lawful for us and in order to discuss the merits of the Currency Bill?

Mr. President: I do not think Sir Hari Singh Gour is out of order. He is perfectly entitled to state what the main objections to the Bill are in order that, when opinions are called for, those objections might be considered by those who are consulted.

Sir Hari Singh Gour: Thank you, Sir. I said, Sir, I do not say that this Bill is wholly devoid of merit. (Laughter.) By one stroke of the pen the bulk of litigation in India would be set at rest. I have not the slightest doubt that the Government and the Civil Justice Committee wanted to curtail litigation, but overlooked the fact that it was curtailment of litigation at the sacrifice of justice; and I submit that if we place on one side of the scale the advantages which will accrue from the confidence the public have in the High Courts of India as the ultimate court of appeal and on the other the oppression by the rich man and the danger of litigiousness on the part of persons so disposed,—I ask the Honourable the Home Member on which side the scale is heavier. We are all anxious to see that there is no undue delay in the disposal of cases but the difficulty is that there is no human institution yet given that would satisfactorily solve that great problem which we have in view. I have no doubt that with the improvement of the subordinate judiciary and the increase of confidence on the part of the litigating public in the judgments of the lower courts, litigation would be reduced and minimised, but that time is not yet. Upon these grounds I feel confident that, when this Bill goes to the country, the Bar, the Bench and the public will look to both sides of the question and give us or our successors a lead as to whether they are in favour of the Bill or against it, Sir, I move.

Diwan Bahadur T. Rangachariar (Madras City: Non-Muhammadan Urban), Sir, knowing as I do the temper of the House to get through this Bill as quickly as possible I shall be very brief in the comments I am about to make on this Bill. I consider this Bill to be both unnecessary and unjust. It is unnecessary because there is already provision in the Code which enables the High Court to call

for security for costs in suitable cases, and this is sufficient to secure to a successful litigant the payment of costs which he has incurred in their prosecuting or defending a case. If the respondent has not secured fulfilment of the decree of costs awarded to him in a lower court then he is entitled to apply to the High Court, and on application being made the High Court has power to call for security for costs.

Mr President: Order, order. The Honourable Member is opposing the motion for consideration, while the debate is now confined to the motion for circulation.

Diwan Bahadur T. Rangachariar: I am supporting the motion for circulation, Sir, with these observations—with your permission, I mean. As I said, it is absolutely futile to enact this provision now which we are asked to enact. Second appeals lie only on particular points, on particular grounds. They can only be preferred if the decree of the lower court is contrary to law or there has been some error of procedure which materially affects the decision of the case. Second appeals are not ordinarilly accepted as a matter of course. Generally a Judge of the High Court takes it up as soon as an appeal is filed and he examines it and sees if there is a *prima facie* case for admission. That is the practice in my Court. Second appeals as soon as they are filed are circulated to the various Judges of the Court and each of them takes up a number of cases and they examine each case in order to see whether there is a *prima facie* case for admission or not. If he thinks there is no case, then a bench of two Judges hears the case. The appellant argues the case before it and, if the bench is satisfied that there is a *prima facie* case for admission, then only is the appeal admitted and notice goes to the respondent. If the High Court considers there are grounds for a second appeal, compulsorily to call upon the respondent to deposit security for costs seems to me unjust to the poor man. Justice after all should not be denied to poor people. It is the poor people who will suffer by this compulsory provision being imposed on High Courts to call upon them to give security for costs in second appeals. Take the case of the Government. If the Government have to file

such an appeal they will be called upon to give security for costs although they satisfy the bench that it is a case which requires examination by the High Court. I mean it seems to me absurd on the face of it when the Court Judges are satisfied that a *prima facie* case for admission of the appeal exists for them to demand security, whatever may be the nature of the case and whoever the party may be. That is an absurd piece of legislation which we cannot sanction.

Mr. President: Order, order; The Honourable Member is making out a case for the rejection of the Bill and not for circulation.

Diwan Bhadur T. Rangacharir: It is quite true, Sir, that if it were left to myself I should oppose it and reject it at once, but in view of my Honourable friend's desire that it should be circulated I think these are matters which have to be considered both by the Government and the public in offering their opinion in the final stages of the Bill. I do support the motion for circulation simply because Local Governments and High Courts may have a further opportunity of considering whether really it is going to be an effective measure for preventing litigation. After all the Civil Justice Committee were appointed upon that idea By all means prevent frivolous litigation but not just litigation. The parties, whether rich or poor, are entitled to justice. Let there be no delay in cases where you have to award justice. But this measure is in the nature of a punishment. That is the principle underlying the Bill. Should you impose this punishment when the other provisions of the Code already require the Court to be careful in admitting these appeals? That is the point I wish to emphasise, and it appears to me that this Bill is unnecessary and uncalled for.

Colonel J. D. Crawford (Bengal: European): Sir, I rise to speak on this motion. I have no objection to the Bill being circulated for opinion, but we too would like to give the country a lead in the matter as my Honourable friends Sir Hari Singh Gour and Diwan Bahadur Rangachariar have just been trying to do. Take a very simple case which occurs pretty often in so far as my own community is concerned. We are taken to court by a servant on a proposed

mon-payment of his wages. Many of these cases are very often fictitious. I have had several before me recently in which it does not pay the officer or employer to go on and defend the case in court simply because he has to pay costs which are far more than paying the servant a month's wages. And when you come to business there are a number of business firms which are constantly being run into court by persons who are totally unable to pay the costs of the case if they fail. This is very frequently the case and a firm has to let them go by rather than defend such cases. There does appear to me then to be a case in which some action is necessary to protect defendants against fictitious cases raised by appellants.

Mr. K. Ahmad : There is no second appeal there, Sir.

The Honourable Sir Alexander Muddiman : Sir, I trust the the House will believe I am not naturally pugnacious, but if anything could convince me of the necessity of going on with this Bill, it is the speech of my Honourable friend Sir Hari Singh Gour. I must say a word or two on this Bill now since things have been said which left uncontradicted might possibly lead the country wrong. I had no wish to start a debate that have been raised.

In the first place as regards what Colonel Crawford said, I might point out that this Bill only deals with security for costs in the case of a second appeal. It does not deal with original suits at all, and I am afraid his community will not be helped much if that is their sole grievance.

But the real point is this. Of course absolute correctness of judicial decision is, I gather, almost hopeless unless one particular Member of this Assembly is the final Court of appeal. There must be, humanly speaking, difficulties in regard to decisions and that is why appellate courts exist. But there is also the fact that it is in the interests of the State that there should be an end to quarrels and that you can not prolong appeals beyond a certain measure, and it is the business of the Legislature and the Government and the people at large to decide when that comes. Whether this Bill, as has been said, unduly restricts appeals is a matter that I do not pro-

pose to argue. It is undoubtedly what the Bill does restrict; but when does it restrict it? It restricts appeals after there have been two concurrent decisions of subordinate courts. Now, my Honourable friend has said that this Bill will be a very good Bill when subordinate courts do not make mistakes. Well, Sir, that will not be in my time and I think it will be a very long time before that is so. But I should like to take this opportunity of saying that in comparatively short space of my service of twenty-six years the subordinate courts have improved very greatly in their disposal of of civil court work, and I desire to take this opportunity of paying a tribute to their very successful labours in this connection. That the Privy Council occasionally upsets subordinate court's decisions and possibly even the decisions of High Courts (*An Honourable Member*: "Question?") is undoubtedly true. But I do not think that is an argument against Bill, and I am surprised that Sir Hari Singh Gour, whose practice must be largely concerned in appeals from subordinate courts, suggests that they have not improved. Sir, I gather that the general feeling of the House is that they would prefer circulation. I myself in spite of the arguments of Sir Hari Singh Gour am in favour of that proposal too, and I therefore accept the amendment.

Mr. President: The original question was:

"That the Bill further to amend the Code of Civil Procedure, 1908, for a certain purpose, be taken into consideration."

Since which an amendment has been moved:

"That the Bill be circulated for the purpose of eliciting opinions thereon."

The question I have to put is that that amendment be made.

The motion was adopted.

No, T.-2293 dated the 22nd November 1926.

From Chamber to Government of Bombay, Home Department.

I am directed to acknowledge receipt of your letter No. 748-2-B, dated 6th October 1926 on the subject noted above and send hereby the views of my Committee on the same as follows :-

My Committee have carefully gone through the Bill and the Debates of the Assembly on the same. It is stated in the Statement of Objects and Reasons, that in order to protect the interests of the respondent in the second appeals in the matter of recouping his costs the Civil Justice Committee recommended that in every second appeal to the High Court the appellant should deposit in Court by way of security for the respondent's costs in cash or Government Promissory notes a definite sum being the amount of any costs awarded against him in the lower Courts plus the amount at which the respondent if successful would tax his pleader's fee under the High Court Rules. My Committee appreciate the desire which actuated the Civil Justice Committee in making their recommendation and which moves the Government to accept that recommendation. They are afraid, however that the effect of such a recommendation would be to penalise poor appellants who may be prevented by this deposit clause from proceeding against the respondents. It does not follow from the fact that the appellant has failed in one or two mofussil Courts that his appeal is necessarily vexatious. It may be that the interpretation of the facts or the Law has been different in the mofussil and the appellant should not be debarred from trying for further justice in the High Court which is always considered as the palladium of justice. My Committee think that the chances of any appeals being vexatious are much reduced by the procedure that the Judge who admits the appeal will only allow it if he thinks that there is a good case.

Under these circumstances, they agree with Sir Hari Singh Gour that the Bill in question will hit hard the poor appellants who might have suffered injustice, and are of opinion that there is no necessity for the amendment, as proposed in the Bill under consideration.

APPENDIX 71.

AMENDMENT IN THE INDIAN CONTRACT ACT.

No. 174/2-B. Bombay, dated the 7th June 1926.

I am directed by the Governor in Council to forward herewith a copy of Resolution of the Government of Bombay in the Home Department No. 174-2, dated this day, and to request that you will be so good as to favour Government with the opinion of your Chamber on the question referred to therein.

Indian Contract Act:

Champertous agreements:

amendment of the---

(Civil Justice Committee).

GOVERNMENT OF INDIA.

HOME DEPARTMENT.

Resolution No. 174-2.

Bombay Castle, 7th June 1926.

Copies of the accompanying letter from the Government of India should be forwarded to the High Court, the Court of the Judicial Commissioner of Sind, the Commissioner in Sind, the Commissioners of Divisions, the Advocate General, the Solicitor to Government, the Remembrancer of Legal Affairs, the Government Pleader, High Court, Bombay, the Government Pleader and Public Prosecutor in Sind, the Chief Judge of the Court of Small Causes, Bombay and all District Judges, with a request that they will favour Government with their opinion as desired by the Government of India in paragraphs 2 and 3 of their letter.

2. The Commissioner in Sind and the Commissioners of Divisions should be asked to consult such selected Collectors as they may think fit.

3. The Chief Judge, Court of Small Causes, Bombay, should be asked to submit his opinion through the High Court, Bombay, and all District Judges should be asked to consult the Local Bar Accosiations and report their opinions through the High Court, Bombay, or the Court of the Judicial Commissioner of Sind as the case may be.

4. Copies of the letter from the Government of India should also be forwarded to the Bombay and Karachi Bar Associations, the Bombay Vakils' Association, the Pleaders' Association of Western India, the Bombay Incorporated Law Society, the Chambers of Commerce, Bombay and Karachi, the Indian Merchants' Chamber Bombay, the Indian Merchants' Association, Karachi, and the Bombay Presidency Trades Association, and they should be requested to favour Government with their opinions as desired by the Government of India in paragraphs 2 and 3 of their letter.

5. The attention of the High Court and of the Court of the Judicial Commissioner of Sind should be invited to paragraph 4 of the letter from the Government of India and they should be requested to take such action as may be deemed necessary and to report to Government as to what action, if any, they have taken on the recommendation referred to therein .

6. The officers and the Institutions referred to above should be requested to send their replies so as to reach Government not later than 10th July 1926.

By order of the

GOVERNOR IN COUNCIL,

C. G. ADAM,

Acting Secretary to the Government of Bombay,

Home Department.

G. R. No. 174/2, *H.D*, *Dated the 7th June* 1926.

No. F.-296/I.-39 & II-13-25-JUDL.

GOVERNMENT OF INDIA.

HOME DEPARTMENT.

JUDICIAL.

FROM

G. M. YOUNG, ESQ., I.C.S.,

Offg. Joint Secretary to the Government of India.

To

ALL LOCAL GOVERNMENTS AND ADMINISTRATIONS AND THE REGISTRAR OF THE HIGH COURT OF JUDICATURE AT FORT WILLIAM IN BENGAL, APPELLATE SIDE.

Simla, the 13th May 1926.

SUBJECT.—*Report of the Civil Justice Committee, Amendment of the Indian Contract Act, 1872, so as to deal with champertous agreements.*

SIR,

I am directed to refer to Chapter 43 of the Report of the Civil Justice Committee relating to champerty. They recommend—

(1) that a provision be inserted in the Indian Contract Act, 1872 (IX of 1872), to the effect that whenever an agreement is made by which a financier secures undue advantage to himself by assistance given to the successful party in litigation, it should be open to that party to avoid the agreement by suit on the condition that he refunds the actual consideration with interest at a reasonable rate to be fixed by the Court (which would be higher than the prevalent rate); and that in no circumstances should the financier be allowed to obtain tittle to the property in

suit if the plaintiff is prepared to pay what the court considers to be a sufficient sum (even if he obtained no undue advantage) (Paragraph 26);

(2) that the rules should be amended so as to empower courts in all cases in which an element of champerty or maintenance is proved—

(a) to award in the end costs on a special scale approximating to the actual costs reasonably incurred by the defendent; and

(b) to demand security for the estimated amount of such costs or such proportion thereof as from time to time during the progress of the suit the court may think just.

This rule should be made applicable even where the financier has taken a transfer of the property claimed in the suit and has joined as a plaintiff. The defendant should have the benefit of a presumption that a transfer is champertous if taken from a claimant who is out of possession and sues to establish his transferor's title.

(3) that the necessity of the courts taking criminal proceedings against persons who have been found by the courts to have instituted blackmailing or dishonest claims, should be emphasized.

The Committee propose that their first recommendation which is of general application should be effected by legislation. The second recommendation has been made with reference to the special position of Oudh, and the Committee propose that it should be effected by the Judicial Commissioner's Court (now Chief Court), Oudh, under its rule-making powers. They are not however, satisfied as regards provinces other than Oudh that special power to order security for costs is necessary, but they suggest that the matter be commended to the attention of the High Courts.

2. The whole question is dealt with in detail by the Committee, and I am also to invite attention to the correspondence commencing

with the Home Department letter no. F.-399, dated the 2nd November 1921, regarding Sir Hari Singh Gour's Bill to amend the Indian Contract Act, 1872 A motion to refer that Bill to a Select Committee was rejected by the Legislative Assembly in September 1922. In that connection the Government of India admitted that the evil existed in many parts of India, that the law did not go far enough to check the evil, and that matter required examination. They, however, could not agree to the Bill as drafted going to a Select Committee. The Civil Justice Commttiee an expert Committee have now examined the matter, and the Government of India would be glad to be favoured with

the views of the Governor in Council / your views / the views of the Hon'ble the Chief Justice and Judges

on the Committee's proposal for the amendment of the Indian Contract Act.

3. The Committee have assumed that the second recommendation can be given effect to by rules made by the High Courts. It will, however, be seen that the last portion of that recommendation relating to presumption that a transfer is champertous, will apparently involve legislation as affecting the Indian Evidence Act, 1872. I am therefore to request that the Government of India, may be furnished with

the views of the Governor in Council / your views / the views of the Hon'ble the Chief Justice and Judges

in this matter also.

4. I am to commend

that part of the second recommendation which relates to the ordering of security for costs / (the other parts of the second recommodation)

as well as the third recommendation to

the local Government / you / the Hon'ble Chief Justice and Judges

for such action as may be deemed necessary and to request that the Government of India may be informed in due course of any action taken. [say that that part of the second recommendation which relates to the ordering of security for costs as well as third recommendation have been commended to the Hon'ble the Chief Justice and Judges of the High Court for such action as they may deem necessary,]

5, I am to ask that (with the permission of His Excellency in Council) a reply to this letter may be sent so as to reach the Government of India not later than 1st September 1926.

I have the honour to be,

Sir

Your most obedient servant,

G. M. YOUNG,

Offg. Joint Secretary of the Government of India.

No. T. 1418 7th July 1926.

From Chamber to the Government of Bombay Home Department, Bombay.

Sir,

With reference to your letter No. 174-2 B, dated 7th June 1926, I am directed by may Committee to inform you that they approve of the amendment of the Indian Contract Act; 1872, so as to deal with champertous agrements intended to be made in accordance with the recommendations of the Civil Justice Committee.

APPENDIX 72.

PROPOSED LEGISLATION FOR PROMPT PAYMENT OF WAGES.

No. 4289 The 10th September 1926.

From The Director of Information & Labour Intelligence (Labour Office), Bombay to Chamber.

I have the honour to forward ten copies of a letter No, L-1391 dated the 28th July 1926 from the Government of India, Depart-

ment of Industries and Labour, to the Local Government together with ten copies of a summary of the results of a very elaborate and extensive enquiry conducted by this office in the year 1924 into Periods of Wage Contracts, the number of days normally elapsing between conclusion of period of work and actual payment and facilities granted by employers for obtaining advances and rations. The complete details of this enquiry for the Bombay Presidency were published in an article on pages 491-502 in the issue of the Labour Gazette for January 1925. The results of similar enquiries conducted in various Provinces in India were reproduced from a special bulletin published by the Government of India, on pages 445-459 of the issue of the Labour Gazette for January 1926. In the event of your not having copies of these issues available I shall be glad to send you a copy of each on application provided the same are returned to this office when done with.

2. I am to request you to favour me with the views of your Chamber on the subject under reference on or before the 1st November 1926. In view of the fact that the subject is not one on which opinions on a variety of points are required, Government hope that it will be possible for you to furnish the Labour Office with your views within the time indicated.

No, L. 1391.

GOVERNMENT OF INDIA,

DEPARTMENT OF INDUSTRIES AND LABOUR.

Simla, dated 23th July 1926.

From

The Hon'ble Mr. A. H. Ley, C.S.I., C.I.E., C.B.E., I.C.S.,
Secretary to the Government of India,

To

The Secretary to the Government of Bombay,
General Department.

Subject;—The Prompt Payment of Wages.

Sir,

I am directed to address you regarding the advisability of

legislating for the purpose of preventing undue delay in the payment of wages to industrial workers.

2. In this Department's letter No. L.-1192 of 20th September 1924 local Governments were requested to furnish particulars regarding the periods by which wages are paid in organized industries and the delays which are associated with their payment. The information so collected, which has since been published in tabular form,* reveals a state of affairs which cannot be regarded as other than unsatisfactory. For it is clear that, generally speaking, the time which elapses between the end of the period by which wages have been earned and the date on which they are paid is longer than is usual in industries in other countries; and the delay is, in a number of cases, so great as to add appreciably to the economic difficulties of workmen. Systematic delays in payment are particularly associated with payment on a monthly basis, and the month is the period most commonly employed for the calculation of wages. It is no uncommon thing in fact, it appears to be the rule in certain industries for monthly wages to be systematically withheld until a fortnight after the close of the month to which they relate. And cases have come to the notice of Government in which wages had been withheld for considerably longer periods.

3. It is unnecessary to emphasize the fact that a practice of this kind results in considerable hardship to the workers concerned. With monthly payments, a delay of a fortnight in disbursement means that the employee has to work for over six weeks before he gets his first month's wages. Even if he is not financially embarrassed when he starts work, he has, as a rule, no monetary reserve and he may be, in consequence, compelled to contract, at the commencement of his service, a fresh debt of a month and a half's wages, generally taken on a high rate of interest. A number of employers endeavour to minimize the hardship involved by the grant of advances, but this practice is by no means general, and even where the advance represents wages that have

*Bulletins of India Industries and Labour, No. 34. Period of Wage Payment.

actually been earned, interest is occasionally charged on it. Cases have come to the notice of the Government of India where workers were compelled to strike in order to secure wages which had been held back for unreasonable periods, in one such case, where over three weeks had elapsed from the close of the month, the strikers were dismissed; in another case, the workers went on strike over five weeks after the end of the month for which they wanted their wages.

4. It has been suggested that, as the evil is particularly associated with monthly payments, employers should be compelled to adopt shorter periods of payment. This was, in fact, one of the arguments put forward in support of Mr. Chaman Lall's Weekly Payments Bill, which was referred to local Governments for consideration. But the Bill met with general opposition. The Government of India, after reviewing the opinions received on it, were compelled to oppose its consideration in the Legislative Assembly and the motion for consideration of the Bill was finally withdrawn by its sponsor.

5. The Government of India do not think that any Bill of this kind is likely to receive the support of public opinion or to prove effective in its operation. While they should not be regarded as accepting the views that the general system of monthly payments is a satisfactory one, they believe that an attempt to impose by legislation a radically different system would have little chance of success and might do considerable harm. They recognize—and they believe that local Governments will agree with this view—that if the abuses to which they have referred above can be checked or eliminated by legislation, it is the duty of Government to introduce such legislation. But they are inclined to think that legislation if it is regarded as desirable will have to be attempted on somewhat different lines if it is to have a reasonable prospect of successful working. The details of a fresh scheme are set out provisionally in the paragaphs that follow and I am to ask for the views of the local Government both on the advisability of adopting some scheme of this kind, and on the detailed provisions contemplated.

6. The Government of India propose to set statutory limits to the time within which wages must be paid. To begin with, at any rate, they consider that it would be unwise to attempt to do more than prevent the more obvious abuses, and in the case of wages paid on a monthly system (or any longer basis), it might be sufficient to prescribe that they must ordinarily be paid within a week of the close of the month. It may be desirable to allow some relaxation in the case of bonuses earned by a long period, e. g. a year, of work, but it will be difficult, and possibly dangerous, to discriminate between bonuses and wages. It could, if desired, be left to the employer, subject to the approval of the local Government, to fix the date on which the month should commence, which need not necessarily be the first day of the calendar month. As regards payments on shorter perids than a month, the evidence available indicates that there is less need for legislation, but I am to ask for the views of the local Government on the suggestion that corresponding limitations might be imposed, e. g., in the case of fortnightly wages, four days delay might be allowed, in the case of weekly wages, two days and in the case of daily wages, a day. Wages might be limited to cash payments; but it seems undesirable to do anything that might encourage payment in kind, and a distinction is possibly unnecessary. It would probably be adisable to give local Governmets, in all cases, the power to grant exemption where special (and defined) circumstances, e. g., the distance of the worker from the headquarters, rendered this necessary. The difficulties arising out of the fact that in some cases for instance when wages are paid at piece rates, intricate evaluations may be required to calculate wages might be met by prescribing that, in such cases, the payment, within the statutory period, of 75 percent (or some higher precentage) of the wages earned should constitute compliance with the law.

7. The main difficulty in regard to legislation of this kind arises in connection with its enforcement. It would be possible, and seems to be desirable, to provide for the prompt recovery of wages by some form of summary procedure, e. g., in a manner similar to that prescribed in the Employers' and Workmen's Disputes

Act, IX of 1860. It would also be necessary to provide for some fine, part of which might be payable to the workmen injured, for the offence. The maximum fine on a first conviction might be small with larger penalties for subsequent offences. But provisions of this kind will not be sufficient to secure the end in view, for the workman would seldom be in a position to use the power so conferred on him. The employer who is prosecuted could pay the wages and dismiss the workman, and it would be impossible to prevent by law dismissals of this kind. Other reasons could always be put forward as the ostensible grounds of any dismissal and the result would be constant disputes. And even when the workman did not apprehend it would seldom be worth his while to institute proceedings with the object of obtaining a single month's wages a short period before the date when he would receive them without invoking external assistance. The grant to any number of workmen in the same establishment of the power to join in one proceeding might meet some of the difficulties in part but it would not be sufficient quite apart from the difficulties inherent in the joint conduct of proceedings by numerous complainants, the fear of victimisation and the large amount of inconvenience necessary to secure a very small advantage to each workman would be sufficient to prevent action in most cases. The Government of India consider that, if the enforcement of the law is to depend on the initiative of the workmen themselves, the Act will fail to achieve its object. If this conclusion is accepted, it seems essential that the power to prosecute should be granted to some external authority, such as an inspecting staff. The difficulties in the way of the workmen would be removed by such a provision, and the conduct of prosecutions instituted by inspecting officials would be free from serious administrative difficulty.

8. This has a close bearing on the important question of the scope of the measure. In the case of factories and mines, there are already in existence inspecting officers who have experience of the institution of prosecutions, and who could safely be entrusted with the enforcement of the Act. If the measure was to be extended to establishments which are not subject either to the Factories Act or the Mines Act, it might be impossible to render it effective

without the employment of a special staff, and even with such a staff, its enforcement would be attended by serious difficulty. Further, the evidence before the Government of India indicates that the evil is particularly associated with the larger industrial establishments, where the work involved in the calculation of wages is heaviest and where the presence of intermediaries between the workmen and the management and other circumstances tend to aggravate delays. In the smaller establishments lying outside the scope of the Factories and Mines Acts, there are no serious abuses such as would justify not merely the introduction of legislation but the establishment of new and special machinery for its enforcement. On all grounds, therefore, the Government of India are inclined to the view that the measure should be confined, in its operation, to those establishments which are subject to the operation of the Factories Act or the Mines Act; but this is a point on which they would be glad to have the opinion of the local Government.

9. I am to request that, after consulting the interests concerned a reply may be sent to this letter not later than 1st January 1927. The Government of India contemplate the publication of the replies.

I have the honour to be,

SIR,

Your most obedient servant,

A. H. LEY

Secretary to the Government of India.

METHOD OF PAYMENT OF WAGES.

Statement I—*General Summary for the Whole Presidency.*

Establishments.	Period of Payment (daily, weekly, monthly, etc.)	Number of days normally elapsing between conclusion of period of work and actual payment.	Notes regarding facilities, if any, for obtaining rations from employer.
Cotton Spinning and Weaving Mills.	(a) Fortnightly (Process workers in mills affiliated to the Ahmedabad Mill-owners' Association).	8 days ...	See Statement II.
	(b) Monthly (all other workers)...	12 to 15 days ...	
Cotton Ginning and Pressing Factories.	(a) Daily	Nil	None.
	(b) Weekly	Nill 1 or 2 days in a few cases. days	None.
	(c) Fortnightly	3 or 4 days in one case and 20 days in another case.	None.
	(d) Monthly	1 to 14 days	Advances are in a few cases paid if required.

Engineering Works...	(a) Monthly in 14 cases ...	Two weeks on an average in 11 cases. 20 to 30 days in one case.	Advances given in 3 cases only.
	(b) Fortnightly in three cases ...	One week in two cases and one two weeks in one case.	No facilities.
	(c) Contract labour on completion of jobs or according to terms agreed upon.	1 or 2 days	Advances given if required except to daily wage-earners.
Iron and Steel Works	(a) Monthly in four cases ...	1 to 15 days	(a) Advances given in one case to the extent of ¼ to ½ of the pay.
	(b) Contract labour fortnightly in one case.	10 to 28 days.	
Brick Factories ...	(a) Daily in three cases ...	Nil	No facilities,
	(b) Weekly in five cases ...	One day in one case, on the market day in one case, in all other cases nil.	Advances paid in two cases.
	(c) Fortnightly in one case ...	10 days.	
	(d) Monthly in one case ...	Nil.	
	(e) On the completion of work in one case.	When the work is finished or at the end of the year.	Money paid in advance from time to time.

METHOD OF PAYMENT OF WAGES.—*contd.*

Statement I—*General Summary for the Whole Presidency.*—(contd.)

Establishments.	Period of Payment (daily weekly, monthly, etc.)	Number of days normally elapsing between conclusion of period of work and actual payment.	Notes regarding facilities, if any, for obtaining rations from employers.
Flour Mills ...	(a) Monthly in 15 cases ...	1 to 10 days, 15 days in one case 7 to 30 days in one case, and 2 to 25 in one case.	Advanees paid in 7 cases.
	(b) Weekly in four cases ...	Nil	Advances paid in only one case.
	(c) Daily in three cases ...	One day in one case only.	
Printing Presses ...	(a) Monthly in 18 cases ...	1 to 15 days, 20 days to 2 months in one case.	Advances paid in 7 cases.
	(b) Fortnightly in two cases ...	5 to 25 days in one case ...	No facilities.
Rice Mills ...	(a) Monthly in 8 cases ...	1 to 7 days but 7 to 10 and 10 to 15 days in one case.	Advances paid in 4 cases.
	(b) Weekly in three cases ...	Nill	Advances paid in one case only.

	(c) Daily in four cases ...	Every second day in two cases and every day in two cases.	Advances paid on one case only.
	(d) Fortnightly and Bi-weekly in one case each.	Nil.	
Tanneries ...	(a) Monthly in three cases ...	10 to 15 days in one case. Within five days in other cases.	Advances paid if required.
Tanneries ...	(b) Fortnightly in one case ...	Only one day	No facility.
	(c) Weekly in one case ...	1 15 days	No facility.
Docks	Monthly	14 days	Employees' Co.-operative Credit Society advances loans.
Tramways ...	(a) Monthly 2 cases ...	10 days	No facility.
	(b) Fortnightly in one case ...	1-20 days	No facility.
Municipalities ...	(a) Monthly in 20 cases ...	3-19, 5-15 and 1-12 in one case each and 1-10 days in other cases (1-15 days in 12 cases),	Practically no facilities.
	(b) Fortnightly in 5 cases ...	1-10 days	No facilities.
	(c) Weekly in four cases ...	1-3 days	Advances paid to labours in one case only.

METHOD OF PAYMENT OF WAGES.—(contd.)

Statement I—*General Summary for the Whole Presidency.*—(contd.)

Establishment.	Period of payment (daily, weekly, monthly, etc.)	Number of days normally elapsing between conclusion of period of work and actual payment.	Notes regarding facilities, if any, for obtaining rations from employer.
Local Government Factories.	Monthly	1-10 days. Piece-workers, 10-15, days in one case.	No facilities.
Government Office ...	Monthly	1-15 days. School teachers upto 20 days and village officers upto the end of the following month.	No facilities.
Domestic Servants ...	(a) Monthly (as the general practice.) (b) Yearly (2 cases are reported.) (c) In 3 cases servants leave their pay with the employers to accumulate.	1-10 days	In half the number of cases reported facilities are given in one or more forms of (1) free meals (2) free clothing (3) money advances.

(*Note*:—Only a small number of cases of domestic servants were reported.)

Statement II—*Details for Cotton Spinning and Weaving Mills.*

Districts.	Period of Payment (Daily, weekly monthly etc.)	Number of days elapsing,	Notes regarding facilities for rations.
Ahmedabad (Ahmedabad* Millowners' Association).	(a) Fortnightly (process operators). (b) Monthly (others) ...	8 days 15 days — If important holidays fall a day or two before the pay day, payment is usually made earlier.	Advance of money 'Kharachi' is given according to deposit which varies from 8 to 15 days' wages.
Bombay (Bombay Millowners' Association.)*	Monthly (all)	12 to 15 days	Results of details furnished by the Secretary, Millowners' Association for 62 mills are summarized below.

* (Note.—Almost all mills at other mofussil centres are members either of the Ahmedabad or Bombay Millowners' Associations.)

Only 40 percent of the mills are conducting cheap grain shops where food grainsa re sold at wholesale market price for cash, as well as on credit which is covered on the payday. During the time of Government grain control in the scarcity year 1918-19 most of the mills had grain shops and adequate advantage of them was taken by the workmen, but when the control was removed the workmen again reverted to the marwaries and in consquence of this some mills had to close their shops. 56 percent of the mills advance money to their workmen in times of difficulty either against their Provident Fund or wages at a nominal

or no rate of interest or through co-operative credit societies where the rate of interests varies from 9 percent to 18¾ percent per annum. This maximum rate is charged in a few cases but the amount thus realised is utilised for the welfare work.

No. T. 2089 21st October 1926.

From Chamber to the Director of Information and Labour Intelligence, Secretariat, Bombay.

With reference to your letter of the 10th September 1926, No. 4289, my Committee are of opinion that looking to the method of working in the Mills and factories the delay of a few days in the matter of payment of wages cannot be considered unreasonable. Calculations of wages, etc, in the Cotton Textile Industry are very elaborate, rendering it thereby rather difficult to pay wages more promptly than is being done at present It is the experience of my Committee that wages are paid, as a rule, in all the Mills on or before the 15th of every month, and if a holiday falls earlier wages are paid on the day previous to such holiday, and this, in the opinion of my Committee, cannot be considered such a late payment of wages as to justify any action being taken in the matter.

APPENDIX 73.

PROPOSED LEGISLATION RE:—DEDUCTIONS FROM WAGES ON PAYMENTS IN RESPECT OF FINES.

No. 3984 dated 2nd September 1926.

From the Director of Information and Labour Intelligence, (Labour Office) Bombay, to Chamber.

I have the honour to enclose herewith one copy each of the following:—

(1) Letter No. L-1418 dated Simla the 25th June 1926 from the Government of India, Department of Industries and

Labour to the Government of Bombay in the General Department together with accompaniment; and

(2) The draft of a questionnaire on the subject prepared by the office.

2. I propose to cover one calendar year for this enquiry and have selected the year 1925 for the purpose. It is proposed to issue copies of the Questionnaire to all known factories in this Presidency including railways and public bodies employing industrial labour. A summary of the replies received will be prepared and a copy of the same will be forwarded to you when ready. The information available on this important subject is so meagre that I have ventured to assume that this procedure will meet with your approval and that your organisation would prefer to express its views on this subject at a later date when detailed information has been collected rather than at the present time.

3. In the meantime I should be glad if you could favour the Labour Office with your views on the questionnaire itself, and the schedule attached thereto.

4. I should be grateful if you could direct your attention in particular to following points.

(a) The suitability and adequacy or otherwise of the period proposed to be covered by the enquiry i. e. the year 1925.

(b) Whether the questionnaire is a fair and reasonable one, calculated to obtain the necessary information having regard to the conditions in the industries of which you have special knowledge.

(c) Whether the subject will be adequately covered if the questionnaire is sent only to establishments coming under the definition of factories or whether in your opinion it should be sent also to large shops and stores big commercial offices, etc.,

(d) Whether any additional items should be included in the questionnaire or the schedule (Part II.).

5. As it will take a great deal of time to send out the questionnaire and to receive and tabulate the replies and then widely to circulate the results for opinion, I should be glad if you could treat this preliminary reference as urgent and let me have a reply by October 1st at the latest.

No. L.-1418.

GOVERNMENT OF INDIA.

INDUSTRIES AND LABOUR DEPARTMENT.

Labour.

From

The Hon'ble Mr. A. H. Ley, C. S. I., C. I. E., O. B. E.,

I. C. S., Secretary to the Government of India.

To

The Secretary to the Government of Bombay,

General Department.

Simla, dated 25th June 1926.

Subject:-Deductions from wages or payments in respect of fines.

Sir,

I am directed to ask for the assistance of the Government of Bombay in enabling the Government of India to obtain information on the extent of the practice in India by which employers in industrial concerns are empowered to inflict fines upon their workmen. Suggesstions have been made in the Central Legislature, in the press and elsewhere that the system of inflicting fines upon workmen is

common in Indian industrial establishments, and that it constitutes an evil of such proportion that steps should be taken either to abolish the system altogether or to reduce it to such dimensions as to prevent abuse.

2. That the system is liable to abuse is obvious. If fines are not subject to regulation the employer who imposes a fine acts as prosecutor and judge, and the employee has no effective remedy if he is fined unjustly or in excess. This is true even in countries where workmen are literate and where they have the support of trade unions in resisting unfair imposts. It is not unnatural to expect that in India the ignorance of the great mass of workmen and the absence of strong labour organizations would make the need for protection greater than elsewhere. The experience of Western countries has in many cases led to more or less elaborate legislation on this subject. The main provisions of the English law are embodied in the Truck Act of 1896, a copy of which is appended for ready reference. In several other countries the power to impose fines and make deductions from wages is regulated by law. Sometimes a limit in the shape of a maximum percentage of wages is imposed; generally deductions can only be made in accordance with a code of regulations duly posted in the factory or other establishments; and frequently the law contains the salutary provision that sums paid as fines must be credited to funds devoted in some manner or other to the benefit of the workers.

3. It will be apparent that while the legitimacy of the system of imposing fines is recognized in most countries, restrictions are frequently imposed with the object of preventing abuse. The English law makes a distinction between three forms of deductions from wages-deductions in respect of fines (i. e., for breaches of discipline); deductions in respect of bad or negligent work, or injury to the materials or other property of the employer; and deductions in respect of materials provided by the employer. The Government of India are not in possession of full information on the extent to which the practice of making deductions of these various kinds exist in India, though they are inclined to the view that it is in respect of

the first two forms of deductions from wages, mentioned above, that the practice is most prevalent and most liable to abuse. The distinction between these two forms of deductions is not always easy to define, and indeed one of the recommendations of the Truck Committee appointed in England in 1906 was the repeal of the provisions of the English law relating to deductions in respect of damaged goods (Section 2 of the Act of 1896), the effect of which recommendation would be that the employer could only deal with cases of careless or negligent work in the same way and under the same conditions as he would be allowed to deal with breaches of discipline. The deductions would cease to be a method by which the employer recoups the loss he has sustained through the worker's act or default, and would become rather of the nature of a fine.

4. There is, of course, a body of opinion which urges that fines ought to be abolished altogether, the grounds advanced being generally that experience shows that they are not a real deterrent, that they have a bad moral effect, and that, being often unfairly imposed, they create a sense of injustice and lead to irritation. The exponents of this view aver that discipline can best be maintained by adequate supervision and moral control, with the alternative of dismissal in the last resort. This was not, however, the view taken by the majority of the English Truck Committee of 1906-08. They pointed out the obvious dangers of the total abolition of the system of fining in the substitution of other and less desirable means of maintaining discipline. A considerable body of evidence was produced before the Committee to the effect that many workers prefer fines to the alternative of suspension or dismissal. Their final conclusions were not in favour of the total abolition of the system of imposing fines, but they proposed certain changes in the law designed to place such restrictions and conditions on the system as would prevent it from being either a source of profit to the employer, or a cause of improper or harsh treatment to the workers. They suggested, inter alia, that maximum fine or accumulation of fines in any one week permissible by law should not exceed 5 percent of the wages of the workers; that deductions by instalments should be prohibited, i. e., that not more than one deduction should be allowed to be made in

respect of one and the same fine ; and that fines should be abolished altogether in the case of young persons of 16 years of age and under.

5. In referring very briefly and summarily to some of the provisions of the law in other countries, the Government of India must not be understood as intending to suggest that circumstances in India are the same, or that legislation on similar lines is necessary or desirable. They have not at present sufficient information at their disposal regarding the degree to which the system of imposing fines is prevalent in India, the forms which it takes, or the extent, if any, to which it is in practice abused, to enable them to form any definite conclusions. The object of this letter is to ask Local Governments to furnish them with such information as they are able to collect on the subject, after consultation with the interests concerned, and to favour them with their views on the desirability of taking any action, legislative or otherwise, to counter any abuses which may be found to prevail.

6. If, as the result of these enquiries, any legislative measures on the subject should appear to be desirable, the inherent difficulty of rendering such legislation effective must be recognized. This indeed is a difficulty which has been felt in England. The original Truck Act of 1831 largely failed of its effect because no one was officially recognized as having a special duty to enforce it. This drawback was to some extent remedied by section 13 of the Truck Act of 1887, which placed upon Inspectors of Factories and Mines the duty of enforcing the provisions of the Truck Acts and gave them for this purpose the same powers and authorities as they possess for enforcing the provisions of the Acts relating to factories and mines. The Report of the Truck Committee already referred to shows, however, that even in England where the workmen are literate and in every way in a better position to resist illegal exactions than in India, it has been difficult to prevent or to detect violation of the law. It appears to the Government of India that, if any legislation is ultimately found to be desirable in this country, it would probably be impracticable, in this first instance at any rate, to extend its scope beyond industrial establishments, such as factories and mines, which are already regularly inspected by a special staff.

7. In asking for information on this subject the Government of India would welcome any suggestions which the Government of Bombay may have to make on the form which any measures, which it may be found desirable to adopt to remedy abuses, should take. They would be grateful if, after consultation with the interests concerned, the Local Government would favour them with their views not later than the 1st of March 1927.

I have the honour to be,

Sir,

Your most obedient servant,

A. H. LEY,

Secretary to the Government of India.

ANNEXURE.

Chapter 44.

A.D. 1896.—An Act to amend the Truck Acts (14th August 1896.)

Be it enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

Deductions or payments in respect of fines.

1. (1) An employer shall not make any contract with any workman for any deduction from the sum contracted to be paid by the employer to the workman, or for any payment to the employer by the workman, for or in respect of any fine, unless:—

(a) The terms of the contract are contained in a notice kept constantly affixed at such place or places open to the workmen and in such a position that it may be easily seen, read, and copied by any person whom it affects; or the contract is in writing, signed by the workman; and

(b) The contract specifies the acts or omissions in respect of which the fine may be imposed, and the amount of the fine or the particulars from which that amount may be ascertained and

(c) The fine imposed under the contract is in respect of some act or omission which causes or is likely to cause damage or loss to the employer, or interruption or hindrance to his business; and

(d) The amount of the fine is fair and reasonable having regard to all the circumstances of the case.

(2) An employer shall not make any such deduction or receive any such payment, unless—

(a) The deduction or payment is made in pursuance of, or in accordance with, such a contract as aforesaid and

(b) Particulars in writing showing the acts or omissions in respect of which the fine is imposed and the amount thereof are supplied to the workman on each occasion when a deduction or payment is made.

(3) This section shall apply to the case of a shop assistant in like manner as it applies to the case of a workman.

Deduction or payments in respect of damaged goods.

2. (1) An employer shall not make any contract with any workman for any deduction from the sum contracted to be paid by the employer to the workman, or for any payment to the employer by the workman for or in respect of bad or negligent work or injury to the materials or other property of the employer, unless—

(a) The terms of the contract are contained in a notice kept constantly affixed at such place or places open to the workmen and in such a position that it may be easily seen, read and copied by any person whom it affects; or the contract is in writing, signed by the workman; and

(b) The deduction or payment to be made under the contract does not exceed the actual or estimated damage or loss occasioned to the employer by the act or omission of the workman or of some person over whom he has control, or for whom he has by the contract agreed to be responsible; and

(c) The amount of the deduction or payment is fair and reasonable, having regard to all the circumstances of the case.

(2) An employer shall not make any such deduction or receive any such payment unless—

(a) The deduction or payment is made in pursuance of, or in accordance with, such a contract as aforesaid; and

(b) Particulars in writing showing the acts or omissions in respect of which the deduction or payment is made and the amount thereof are supplied to the workman on each occasion when a deduction or payment is made.

Deduction or payments in respect of materials.

3. (1) An employer shall not make any contract with any workman for any deduction from the sum contracted to be paid by the employer to the workman or for any payment to the employer by the workman for, or in respect of, the use of supply of materials, tools or machines, standing room, light, heat or for or in respect of any other thing to be done or provided by the employer in relation to the work or labour of the workman unless—

(a) The terms of the contract are contained in a notice kept constantly affixed at such place or places open to workmen, and in such a position that it may be easily seen, read, and copied by any person whom it affects; or the contract is in writing, signed by the workman; and

(b) The sum to be paid or deducted under the contract in respect of materials, tools, or machines, standing room, light, heat, or any other thing does not exceed, in the

case of materials or tools supplied to the workman, the actual or estimated cost thereof to the employer, or in the case of the use of machinery, light, heat, or any other thing in this section mentioned, a fair and reasonable rent or charge, having regard to all the circumstances of the case.

(2) An employer shall not make any such deduction or receive any such payment unless—

(a) The education or payment is made in pursuance of, and in accordance with, such a contract as aforesaid; and

(b) Particulars in writing showing the things in respect of which the deduction or payment is made and the amount thereof are supplied to the workman on each occasion when a deduction or payment is made.

Penalty. 1 & 2 Will. 4c. 37

4. If any employer enters into any contract contrary to this Act, or makes any deduction or receives any payment contrary to this Act, he shall be guilty of an offence against the Truck Act, 1831, and shall be liable to the penalties imposed by section nine of that Act as if the offence were an offence in that section mentioned.

Recovery of payments or deductions.

5 Any workman or shop assistant may recover any sum deducted by or paid to his employer contrary to this Act, provided that proceedings for such recovery are commenced within six months from the date of the deduction or payment sought to be recovered, and that where he has consented to or acquiesced in any such deduction or payment, he shall only recover the excess which has been deducted or paid over the amount, if any, which the court may find to have been fair and reasonable, having regard to all the circumstances of the case.

Production of contract.

6. (1) Every employer who has made any contract purporting or intending to operate as a contract under this Act, shall, on demand in writing by one of Her Majesty's Inspectors

of Factories or of Mines, produce the contract or a true copy thereof at any convenient time and place to be named by the Inspector, and the Inspector shall be at liberty to take a copy of the same or of any part thereof, and the employer of any workman or shop assistant who is party to any such contract shall at the time of making the contract give the workman or shop assistant a copy of the contract or of the notice containing its terms.

(2) A workman or shop assistant who is party to any such contract shall be entitled, on request, to obtain from his employer free of charge a copy of the contract or of the notice containing its terms.

(3) Every employer who has made any contract purporting or intending to operate as a contract under section one of this Act shall keep a register of deductions or payments, and shall enter therein every deduction or payment for or in respect of any fine purporting to be made under any such contract, specifying amount and the nature of the act of omission in respect of which the fine was imposed, and this register shall be at all times open to inspection by one of Her Majesty's Inspectors of Factories or of Mines.

(4) If any person fails to comply with this section he shall be liable on summary conviction to a fine not exceeding forty shillings.

Exemption of contract from stamp duty.

7. A contract entered into under the provisions of this Act shall not be liable to stamp duty.

Saving as to contracts and payments illegal under existing Acts, 1 & 2 Will. 4 c. 37. 50 & 51 Vict. c. 46. 37 & 38 Vict. c. 48. 50 & 51 Vict. c. 58.

8. Nothing in this Act shall make lawful any contract or payment which is illegal under the Truck Acts, 1831 and 1887, or under the Hosiery Manufacture (Wages) Act, 1874, or affect the provisions of the Coal Mines Regulation Act, 1887, or any amending Act, with respect to persons employed in mines and paid according to weight, or make lawful any deduction from payments made to those persons,

Power to exempt from provisions of Act.

9. (1) The Secretary of State, if satisfied that the provisions of this Act are unnecessary for the protection of the workmen employed in any trade or business, or in any branch or department of any trade or business, either generally or within any specified area, may by order under his hand grant an exemption from those provisions in respect of the persons engaged in that trade, business, branch or department, either generally or within that area.

(2) The Secretary of State may at any time amend or revoke any such order.

(3) Every order made under this section shall be laid as soon as may be before both Houses of Parliament, and if either House within the next forty days after the order has been so laid before that the order ought to be annulled, the order shall, after the date of that resolution, be of no effect, without prejudice to the validity of anything done in the meantime under the order or to the making of of a new order.

Duties of inspectors. 50 & 51 Vict. c. 46.

10. Sub-section two of section thirteen of Truck Amendment Act, 1887 (which relates to the duty of inspectors) shall apply in the case of a laundry and in the case of any place where work is given on by the occupier or a factory or workshop, or by a contractor, or sub contractor, in like manner as it applies in the case of a factory.

Commencement

11. This Act shall come into operation on the first day of January one thousand eight hundred and ninety-seven.

Short title and construction.

12. This Act may be cited as the Truck Act, 1896; and the Truck Acts, 1831 and 1887, and this Act shall be construed together as one Act and may be cited collectively as the Truck Acts, 1831 to 1896.

Questionnaire on Deductions from Wages or Payments in Respect of Fines.

Part I.

Name and Address of Factory.

1. Have you any system whereby fines are inflicted on your employees or deductions made from their wages?

2. Have you any rules regulating such infliction of fines or deduction of wages?

3. If yes, please attach copy of those rules to this schedule.

4. If yes, to whom is the power of fining delegated?

5. Are the conditions under which fines may be inflicted included in the terms of contract, if any; or made known to the employees in any other manner?

6. Have you laid down any limits as to the extent to which fines may be inflicted e. g. not beyond a certain percentage of the workers' earnings?

7. In what manner is the amount recovered from your employees in fines disposed of?

8. On each occasion when a fine is inflicted is the worker concerned given full particulars relating to it?

9. If yes, is the worker told at the time of the occurrence or only when he draws his pay?

10. Have you any system whereby deductions are made from wages on account of materials or tools supplied to the worker? If so, what are the rules governing the same?

11. Are the conditions relating to such deductions included in the terms of contract or made known to the employees in any other manner?

12. Do you grant advances to workers on wages due to them?

13. In cases where advances are granted do you make any further deductions for interest, discount, etc, on the advances given? If so, at what rate?

Part II.

Name and Address of Factory.

1. Number of workpeople employed.

   (a) Men.

   (b) Women.

   (c) Children.

   (d) Total.

2. Total Wages Bill for the year 1925.

Summary of fines inflicted and deductions made from the wages of employees during the Calender year 1925.

Subject of deduction.	Numbers of employees from whose wages deductions have been made.			Total amount of deduction.		
	Men.	Women	Children	Men.	Women	Children.
I. Fines for						
(a) Breaches of discipline.						
(b) Bad or Negligent work.						
(c) Injury to materials.						
(d) Injury to other property of employer.						
Total ...						
II. Deductions for Materials etc., provided by employer (a) for Materials.						
(b) Use of tools, standing room, light, heat, power and machinery.						
(c) Supply of tools.						
Total ...						

Subject of Deduction.	Numbers of employees from whose wages deductions have been made.			Total amount of deduction.		
	Men.	Women	Children.	Men.	Women	Children.
III. Deductions for services rendered by employer.						
(a) Supply of water.						
(b) Medicines and medical attendance.						
(c) Rent for lodging.						
(d) Supply of food.						
(e) Education.						
(f) Provident Fund.						
(g) Accident Compensation.						
(h) Provision of creches.						
(i) Reading room, Library.						
(j) Interest on advances.						
Total ...						

The definition of a child is that given in the Factories Act 1911 as amended by the Factories Act of 1922 i. e. a person under the age of fifteen years.

No. T.-2091 21st October 1926.

From Chamber to the Director of Information and Labour Intelligence, Secretariat, Bombay.

With reference to your letter of the 4th instant, No. 4752, enclosing a letter from the Government of India and a draft questionnaire, my Committee are of opinion that the enquiry contemplated in your draft questionnaire is not necessary. If, however, the questionnaire is going to be sent round to different factories, my Committee would beg to point out that the information asked in Group II and III of the Schedule attached to the questionnaire has no bearing on the question under discussion and should, therefore, be deleted altogether from the Schedule.

(G) GENERAL TRADE AND INDUSTRY.

APPENDIX 74.

PROPOSED LIMITATION OF LETTERS IN CODE WORDS.

No. 621-H/25 Calcutta, the 8th January 1926.

From the Director General of posts and Telegraph to Chamber.

I am directed to inform you that at the last International Telegraph Conference held in Paris during the months of September and October 1925, several proposals were made by the different administrations to modify Article 8 of the Regulation defining Code language, copy of which is enclosed herewith for ready reference. Under the present rules code language is composed of words not forming phrases intelligible in any of the 8 languages permitted to be used in plain language telegrams namely, English, French, German,

Spanish, Italian, Dutch, Portuguese and Latin subject to the following conditions :—

(1) The words whether real or artificial must be formed of syllables capable of being pronounced according to the usage of any of the 8 languages.

(2) The length of the words should not exceed ten letters.

(3) Accentuated letters are not admissible.

(4) Artificial combinations of two or more words of plain language, contrary to the usage of the languages are not admissible.

If the first three conditions are not observed, the telegram will be treated as one in cipher language and charged at 5 letters per word and a telegram which contains words not fulfilling the fourth condition, is refused. The enforcement of these conditions has in practice given rise to many difficulties not only to the Administrations but to the public at large.

The first of these conditions, in regard to pronounceability is very difficult to enforce as a counter clerk accepting messages is not conversant with the 8 languages, and words like the following have been passed by him :—beataajujm, buphmfvpol, okiqjfiezk, atusfmyvas, leyzkpewdr, fujvuiopwu, etrrmeveem, klaxsjlobs, efmulmyjee, metrlikise, qmyeoqbykv, bienovcegy, coisbqycob, xfewryypyf, dehcaremjm, ywayhvyucl, elgazthigz, awablisfifk, gufdbjidfu, bujmcevprl tauchsnieg, enluvimvto, ieeztfycip, munwefovrt, etc. The signalling and receiving of words, like these which are not pronounceable, are more difficult than of words which can be pronounced and kept in memory for a short time. This difficulty cannot be allowed to continue as the system entails the following disadvantages.

(1) The booking of other telegrams is delayed and keeps the public a long time at the counter.

(2) An excessive strain is imposed on all the staff employed in booking, receiving and signalling such messages.

(3) Heavy mutilations occur which not only inconvenience the public but give rise to extra unremunerative work to the Administrations by way of paid service advices for rectification.

The same charge is levied on code words having ten letters and on words in plain language having in average a length of 7 letters as has been found from experience, though in the case of the former, the work is more arduous.

Taking all these into consideration, the Conference came to the conclusion that it was advisable to modify the rules at an early date with a view to rectify the present defects.

The Conference appointed a Committee to enquire into the question and to suggest modifications to the present rules. The Committee has called for suggestions from different Adminstrations, the public and the Code makers. A proposal was made by some of the delegates at the Conference for limiting the code words to 5 letters instead of 10 as at present and for the removal of the present restrictions. The difficulty however, is as regards charges for these 5 letter codes, each code word of 5 letters is charged for as one word under the present rates. Senders of telegrams who use the present code split up into two will have to pay double for their telegrams whereas if the charge is halved the rate for code language telegrams will campare unfavourably with that for plain language telegrams. The whole question is an intricate one.

I am to request the favour of your expression of an opinion on the advantages and disadvantages of the proposal to limit code language to 5 letters. The Conference has asked that all suggestions are to reach its office at or not later than the 1st March 1926 and I shall be obliged if you will kindly send your reply to this office by 31st January 1926.

Extract from the International Telegraph Convention of St. Petersburg and the International Telegraph Service Regulations, Lisbon Revision, 1908.

VIII

1. Code language is that which is composed of words not forming intelligible phrases in one or more of languages authorised for telegraphic correspondence in plain language.

2. The words, whether genuine or artificial, must be formed of syllables capable of pronounciation according to the *current* usage of one of the following languages:—German, English, Spanish, French Dutch, Italian, Portugese or Latin. *Artificial words must not contain the accented letters a, a, a, e, n, o, u.*

Codes intended for correspondence in code language may be submitted to the Telegraph Administrations designated for the purpose, with a view to allow those concerned to obtain an assurance that the words contained in codes fulfil the conditions of the present paragraph.

3. Words in code language must not be longer than ten characters according to the Morse alphabet, *the combinations ae. aa, ao, oe. uo. being counted as two letters each. The combination ch. is also counted as two letters in artificial words.*

4. Combinations not fulfilling the conditions of the two preceding paragraphs are regarded as language in letters having a secret meaning and are charged for accordingly. Nevertheless, those which may be formed by the union of two or more words in plain language contrary to the usage of the language are not admitted.

No. T. 79, dated the 13th January 1926.

From Chamber to the Director General of Posts & Telegraphs, Calcutta.

I am directed to acknowledge receipt of your letter No. 621-H/25, dated the 8th instant, and to say that my Committee have carefully considered the proposed change of rules by which each code word of

five letters will be charged as one word. As you rightly point out if a word of 5 letters has to be charged at the present rate it would mean that senders would have to pay double of what they are now paying for their telegrams and such a thing would meet with the strongest objection from the commercial community. On the other hand if the charge is halved the new charge will compare unfavourably with that of the present deferred plain language telegrams.

My Committee consider that this last consideration would not be of great importance to commercial men because the bulk of their telegrams would be in code and in plain language and therefore if the rate is halved for a five letter word, my Committee think there would be no serious objection from the commercial community.

APPENDIX 75.

TRADE MARK REGULATIONS IN ATHENS (GREECE)

No. T.-401, 15th February 1926.

From Chamber to the Government of India Department of Commerce, Delhi.

The attention of my Committee has been drawn by certain members to the following difficulty experienced in their trade with Greece. They had instructed their agents to register certain Trade Marks in Greece on their behalf and the agents wrote back to say that the lawyer whom they had consulted on the subject said that there did not exist any convention in this matter between India and Greece as India had not joined in the conventions entered into with Great Britain. The agents above referred to then consulted the Commercial Attache and requested his assistance in the matter but evidently without success. They have consequently written back to their principals here and have also stated that they understood that a fresh Trade Marks convention with Great Britain was now being negotiated and that India should take steps to join in it if it wished to have

the same protection about Indian Trade Marks that British Trade Marks enjoyed.

My Committee beg to draw the attention of the Government to the above and to ask whether it is correct as stated that India was not a signatory to the convention and that consequently Indian Trade Marks could not be validly registered in Greece and if this was the case would Government be pleased to say what steps they propose to take to safeguard the interests of Indian manufacturers in Greece in the matter of Trade Marks.

No. 299-T.-(8), Delhi, the 20th March, 1926.

From Government of India Department of Commerce to Chamber.

With reference to your letter No. T.-401, dated the 15th February 1926, I am directed to say that it is the case that India is not a signatory to the Industrial Property Convention, and that an Indian firm or company established outside Greece has therefore no treaty right entitling it to register its trade marks in that country. The Government of India have not adhered to the Convention, as there is no law in India for the registration of Trade Marks, and they are unable to undertake the enactment of such a law unless there is a strong demand for it from the commercial community in this country. I am in this connection to invite attention to the enclosed extract of paragraph 231 of the Industrial Commission's Report 1916-18.

Extract pragraph 231 of the Industrial Commission's Report 1916-18.

* * * *

---

231. The subject of the registration of Trade Marks was brought before us once or twice, but was never strongly pressed. On the not infrequent occasions when the subject has been discussed department-

ally and by Chambers of Commerce, it has been generally considered that registration of Trade Marks, as it exists in the United Kingdom and in many other countries, is not desirable in India, though the Burma Chamber of Commerce put forward the opinion that legislation is necessary.

We have given very careful consideration to the arguments used, and agree with the majority of the Chamber of Commerce in considering that the establishment of a system of registration would seriously disturb existing rights of user both between firm in India and, if full advantage of the proposal is to be obtained, between firm in India and firms abroad. The difficulties so created would be far greater in our opinion than the slight inconveniences experienced by owners of marks in maintaining their rights thereto.

APPENDIX 76.

TRADE MARK REGISTRATION IN INDIA.

No. 20634-73, P.-1 Dated Cawnpore, 19th February, 1926.

From the Director of Industries, United Provinces to Chamber.

I have the honour to say that recently a reference was made by me in consultation with the Board of Industries United Provinces to the Local Government requesting them to move the Government of India to frame an Act for the registration of Trade Marks in India. The want of such an act has been felt by the manufacturers and Trade Mark owners in this province as well as in other provinces owing to the possibility which the existing conditions afford to bogus firms of imitating Trade Marks of established manufacturers. The Government have asked me to obtain the views of the Board of Industries on the question whether the proposed Trade Marks Registration Act should or should not include Cotton Marks. The case for exclusion was brought out by the Manchester Chamber of Commerce in 1903 in

their note, a copy of which is enclosed. The Board of Industries at a meeting held on February 6, 1926, passed the enclosed resolution.

I shall therefore be much obliged if you would kindly favour me with an expression of your views on the subject at your earliest convenience.

A copy of the Manchester Chamber of Commerce Note in connection with the Registration of Trade Marks in India,

ANNES 2.

No. F. 12451, dated the 12th May, 1903,

From—Elijah Helm, Esq., Secretary, Chamber of Commerce, Manchester.

To—Edward W. Fithian, Esq.

The Board of Directors of this Chamber has under consideration the question of trade marks registration in India referred to in your Circular No. 458.

I am directed to inform you that the Manchester Chamber has long been opposed to the separate registration of trade marks in India. Its opposition is founded partly upon long and abundant experience of trade marks administration with reference to the cotton classes (Nos. 23, 24 and 25). When the British Act of 1883 was under consideration, the difficulty was forseen of securing proper registration in these classes owing to the enormous number of marks in use and the necessity of determining beforehand which marks were common property and which were justly capable of appropriation. A Committee of this Chamber was therefore constituted at the request of the Government, and after many months of arduous labour a classification on these lines was made. That Committee (the Trade and Merchandise Marks Committee of the Chamber) still retains some of its original members, and to it have been referred by the Registrar, ever since 1883, all doubtful applications in the cotton classes.

The work of deciding upon such reference which is constantly going on cannot be satisfactorily conducted except by persons of large experience, and such it is impossible to obtain in India, whether from officials or non-officials. In so far as these classes are concerned, therefore, the establishment of a Trade Marks Registration office in India would inevitably lead to confusion, and would invite infringement and litigation.

Moreover, Lord Horschell's Clause of the Merchandise Marks Act, section 3 (2), has been found to be highly efficient for the protection of proprietary rights in even non-registered marks. There are Indian merchants in Manchester possessed of thousands of marks who constantly rely upon it and have in fact many hundreds of marks which they are able successfully to retain under that clause without registration. I should add that the Indian Merchandise Marks Act contains a similar clause which has been found effectual for its purpose.

TRUE COPY.

Copy of Resolution passed in the meeting of the Board of Industries, held on the 6th February, 1926.

The Board considered the G.O. regarding the exclusion of cotton marks from the proposed legislation for registration of trade marks and decided that the views of the following bodies should be obtained and considered by the Board before they express their own opinion in the matter.

1. The Upper India Chamber of Commerce, Cawnpore.
2. The U. P. Chamber of Commerce, Cawnpore.
3. The Millowners' Association, Bombay.
4. The Indian Merchants' Chamber and Bureau, Bombay.

No. T.-917, dated the 15th April 1926.

From Chamber to the Director of Industries, United Provinces, Cawnpore.

I am directed to acknowledge receipt of your letter No. 20634 37, dated the 19th February 1926, requesting the views of my Committee on the question of the necessity of a Trade Marks Act in India.

2. This question of trade mark registration was upto 1909 a hardy annual, the British Associated Chambers of Commerce passing a resolution urging such a legislation in this country and the Secretary of State for India drawing the attention of the Government of India to such a resolution and calling for their opinion. This opinion was generally against such a legislation as the whole of the business community including this Chamber was then against it. The Government of Lord Ampthill observed in their letter of 21st July, 1909, addressed to the Secretary of State for India that they were doubtful whether there was any widespread demand for such legislation or whether any important results would be attained thereby. Similarly the Government of Lord Curzon was in no way less emphatic later on. They considered that "the strong and practically unanimous expression of disapproval on the parts of the Local Governments and Indian Chambers of Commerce (which be it noted were then the European Chambers of Commerce in this country) should be accepted as conclusive evidence that a system of trade marks registration was not required in the interests of India and should not be introduced." The Government of Lord Minto in 1906 expressed themselves in the same manner and emphasised that the advancement of the question must depend upon a change in public opinion in this country. This Chamber also were of opinion in 1909 that "It was altogether undesirable to agree to the suggestion, highly prejudicial as it would be to Indian interests."

3. My Committee have now reconsidered the whole situation and have come to the conclusion that in view of the great development of manufactures in this country since 1905-10 it is desirable in the interests of trade and industry to have legislation for the registration of trade marks in this country. The absence of such a

law is responsible for several inconveniences to trade which not infrequently suffers even loss from them. It is true that the provisions of the Merchandise Marks Act afford protection in the case of the imitation of trade marks but it would be better if there were a separate law for trade marks as such. The attention of my Committee was recently drawn to the following difficulty experienced by a member in their trade with Greece. They had instructed their agents to register certain trade marks in Greece on their behalf and the agents wrote back to say that the lawyer whom they had consulted on the subject said that there did not exist any convention in this matter between India and Greece as India has not joined in the convention entered into with Great Britain. My Committee were informed that a fresh trade marks convention with Great Britain was being negotiated and that India should take steps to join in it if it wished to have the same protection for Indian trade marks in Greece that British trade marks enjoyed. My Committee addressed the Government of India with regard to this and they replied that it was a fact that India was not a signatory to the Industrial property convention and that an Indian firm or company established outside Greece had therefore no treaty right entitling it to register its trade marks in that country. "The Government of India have not adhered to the convention as there is no law in India for the registration of trade marks, and they are unable to undertake the enactment of such a law unless there is a strong demand for it from the commercial community in this country."

4. The above incidentally shows the disadvantageous position in which India has to be for want of a proper Trade Marks Registration Act. In view of this my Committee intend writing to the Government of India on this subject, and hope that their view will be supported by other Chambers of Commerce also.

No. 2349 P.-1, Cawnpore, May, 22, 1926.

From the Director of Industries United Provinces, Cawnpore, to Chamber.

I have the honour to acknowledge, with thanks receipt of your letter No. 917, dated April, 15th, 1926, and to request you kindly to let me know the views of your Chamber on the other point, e. g. whether the proposed Trade Marks Registration Act should or should not include Cotton Marks. The favour of a very early reply is requested as the case is going to be placed before the next meeting of the Board of Industries, which is fixed for June, 4, 1926.

No. T.-1162 dated of 26th May, 1926.

From Chamber to the Director of Industries United Provinces Cawnpore.

With reference to your letter No. 2349 P.-1 dated 22nd May, 1926, I am directed by my Committee inform you that the Trade Marks Registration Act should include Cotton Marks.

APPENDIX 77.

INCREASE IN FIRE INSURANCE RATES FOR MULJI JETHA CLOTH MARKET SHOPS.

No. T.-261 4th February 1926.

From Chamber to the Bombay Fire Insurance Association.

The attention of my Committee has been drawn by some of the members of the Chamber having their business places in the Mulji Jetha Market to the fact that the fire insurance tariff for the Mulji Jetha Market has gone up from one percent which was the pre-war rate to about 2½ percent at present. It was argued when the rate

was enhanced that the increase was due to the different shop structures in the Market not being fire-proof. A large number of these shops, however, has been, after the last fire in the Market, made fire-prcof, and it, therefore, now appears to be reasonable to my Committee, that the fire insurance tariff should now be lowered. My Committee have been approached by several members to draw the attention of your Association to the burden the present rates impose on the piecegoods trade when dealers find it so very difficult to even make two ends meet and they, therefore, hope that this suggestion will be favourably considered by your Association and a reduction effected in the rates for the Mulji Jetha Market, or at least for the newly built part thereof, particularly in view of the depression which prevails at present in trade in general.

No. 129 Bombay 17th February, 1926.

From the Bombay Fire Insurance Association to Chamber.

We are directed to acknowledge receipt of your letter No. T/261 of the 4th instant, and to inform you that a representation has already been received from the Bombay Woollen and Fancy Cotton Piecegoods Merchants' Association and been given every consideration by our Committee. It is regretted, that unless structural alterations—and these have been more than once detailed to the owners of the building—are made, no reduction in rate is possible.

We are further directed to point out to you that the new so called fireproof section of the market is in open communication with the old section and therefore constitutes one risk for rating purposes.

APPENDIX 78.

PROPOSED NEW RULES AND REGULATIONS OF THE NATIVE SHARE AND STOCK BROKERS' ASSOCIATION.

No. 2902-A. Bombay Castle, 27th January 1926.

From the Government of Bombay Finance Department to Chamber.

I am directed to invite your attention to Government Notification No. 2902-A dated 20th January 1926 published at pages 135-173 of Part I of the *Bombay Government Gazette* dated 21st idem, regarding Rules and Regulations of the Native Share and Stock Brokers' Association, Bombay, and to request that the Governor in Council may be favoured, at an early date, with the opinion of the Chamber on the rules.

No. T. 363 10th February 1926.

From Chamber to the Government of Bombay Finance Department, Bombay.

I am directed by my Committee to acknowledge receipt of your letter, dated 27th January 1926, No. 2902-A, and to state that, as usual, in such matters objections to the rules published are not likely to come in from members till sometime after they have been in operation. In view of this and adhering generally to the principle indicated in our letter, No. T. 1435, dated 14th October 1925, of minimum interference with the internal working of any association or trade, we have no desire to criticise in minute detail the 404 rules of the Stock Exchange, which have been published. We would again say that nothing has occurred since the time that evidence was tendered on behalf of the Chamber to change the views then put forward or to modify in any direction the support given by this Chamber to the Atlay Committee's findings. My Committee still believe that any serious divergence from the findings of that Committee will leave room for public complaint.

2. My Committee would draw attention to the absence of any rule covering the following recommedations to the Atlay Committee :—

1. To use a standard form of contract ;

2. To declare whenever they are themselves acting as buyers or sellers instead of as brokers and

3. To keep proper accounts in ink and preserve all contracts and account books for at least three years.

3. It is, however, impossible to avoid criticism of the draft rules as published in one direction, and that is, the main cause of complaint, which gave rise to the public outcry at the time of the Atlay inquiry. The subject matter of the original rule 26 has been, we find, cleverly transposed and broken up in several parts covered partly by rule 83 (B) and by rules 367 to 385. My Committee have expressed themselves unequivocally in the past against the desirability of any restrictions on trade, any arbitrary fixation of price and any arbitrary closing of the market to certain scrips. The majority report of the Atlay Committee definitely laid down that unwise bears ought to learn the lesson by experience and should not be protected. The practice of other stock exchanges in the world, including the London Stock Exchange, is all in favour of automatic settlement of the market without the arbitrary intervention of the Board. Even the minority report, which was at that time hailed by the stock exchange, allowed power to the Board only to fix the making up of price for the purposes of accounts, but left the final settlement to the free operation of the market. Hence it is with some surprise that my Committee have seen the new rules, which give powers to the Directors wider than they have had in the past. The whole purpose of the Atlay inquiry and of the legislation, which has been supported by this Chamber, would be defeated if these rules were allowed to come in force as they are.

In conclusion, my Committee would say that the drafting of the rules now published leaves a good deal to be desired and Government could do well to get a proper rule drafted through their

Legislative Department on this subject if the policy of the Board of the Stock Exchange is not to relinquish the powers, which the existing rules have given them hitherto and against which the public have made legitimate complaints.

No. 2902-A. Bombay Castle, dated 15th June, 1926,

From Government of Bombay Finance Department to Chamber.

I am directed by the Government to forward a copy of a revised draft * of the rules of the Native Share and Stock Broker's Association in modification of those published in Government Notification No. 2902 A of 20th January 1926 for favour of your opinion. These rules have not yet been approved by the Association but are being considered by them. I am to request you to forward your remarks for the consideration of Government *within one month* at the latest.

No. T.-1423, dated the 7th July, 1926.

From Chamber to the Government of Bombay Finance Department, Bombay.

I am directed by the Committee of this Chamber, in reply to your letter of the 15th June 1926, No. 2902-A, to send to you their views with regard to the draft rules of Native Share & Stock Broker's Association.

2. My Committee drew the attention of the Government in their letter of 10th February 1926, No.-363, to the absence of any rule enjoining keeping proper accounts in ink. They are sorry to find that this useful recommendation of the Atlay Committee has not found a place in the new draft rules. They hope that it will be incorporated in the rules before they are finally sanctioned.

3. My Committee drew pointed attention of the Government in the letter referred to above to the fact that the subject matter of the original rule No. 26 dealing with corners had been cleverly

---

* Not printed. Vide File No. R. 13. of 1926.

transposed and broken up in several parts. The new draft rules have not only not removed this complaint but made the position worse. My Committee fear that the new draft rules will intensify the evil which were in vouge when the old rule No. 26 was in operation and to remove which was one of the main considerations of the Atlay Committee. They, therefore, strongly suggest that all the rules dealing with corners at the end of the series which are as it were a replica of the old rule No. 26, should be eliminated altogether. It is the serious and considered view of my Committee expressed time after time that the chief aim both the Government and the public had in view in the appointment of the Atlay Committee will be frustrated if these rules reproducing Rule No. 26 in another and worse form are allowed to stand.

My Committee beg to suggest with regard to Rule No. 3 relating membership that the rule published in the Government Gazette dated 21st January, Pages 135-173, Part I, should be restored with a slight modification as follows :—

> "Any condidate who is a native of India or who is a British subject and has resided in the Bombay Presidency for atleast ten years and served with a certified stock broker for the same period prior to his application for membership may be admitted as a member of the exchange."

No. 2902-A, Bombay Castle, 20th July, 1926,

From the Government of Bombay Finance Department to Chamber.

I am directed to acknowledge with thanks the receipt of your letter expressing the views of your Chamber on the rule mentioned above and to say that the letter is receiving the attention of Government.

APPENDIX 79.

DRAFT INTERNATIONAL AGREEMENT REGARDING SUPPRESSION OF IMPORTS AND EXPORTS PROHIBITIONS AND RESTRICTIONS.

No. 5749-G/24.

Bombay Castle, 28th January 1926.

From the Government of Bombay, Revenue Department to Chamber.

I am directed by the Governor in Council to forward a copy of *the papers detailed in the margin and to request that Government may be favoured with the opinion of your Chamber on the provisions of the draft International Agreement.

* Circular letter No. C.L.-104.-II. dated the 14th October 1925, from the Secretary General to the League of Nations.

Draft Articles of an International Agreement for the Suppression of Import and Export prohibitions and restrictions together with an explanatory memorandum by the Economic Committee of the League of Nations.

2. The reply to this reference may, please, be forwarded so as to reach Government by 15th February 1926, at the latest.

Circular letter from the Secretary-General to the League of Nations, Geneva, No. C.L. 104-II, dated the 14th October 1925.

By Circular letter 139, 1924. II. of October 9th, 1924, I had the honour to draw the attention of the Government of

to the resolution adopted by the 4th Assembly relating to the abolition of import and export prohibitions and restrictions, as well as to the resolution adopted by the Council on September 29th, 1924, forwarded the resolution of the Assembly to the Economic Committee with the request that it should submit proposals as early as possible.

The Economic Committee has given careful consideration to the subject dealt with in the Assembly's resolution at three successive sessions. It has had at its disposal the observations presented by the Governments of a large number of European and overseas States. In addition it has had consultations with experts from certain European States. On the basis of the information thus collected the Committee has drawn up a series of "draft articles of an international agreement for the suppression of import and export prohibitions and restrictions."

The Committee has thought it necessary in its report to the Council to emphasise, on the one hand, that the object of the draft is merely to furnish a basis for further discussion, and on the other that, having to a certain extent already received the observations of various Governments, it would be desirable to obtain the views of interested circles, *viz.*, of the big industrial and commercial organisations.

At its meeting on September 15th, the Council approved the proposals of the Economic Committee and authorised their tranmission to the States Members and non-Members of the League. In accordance with this decision, I have the honour to send you the draft articles drawn up by the Economic Committee together with an extract from the reports of the Committee to the Council dealing with this matter.

The Economic Committee hopes that the Government of—will see their way to proceed with the necessary consultations, and will forward to the Committee the views of the principal interested organisations, adding at the same time whatever observations they may wish to make.

In view of the fact that the Economic Committee will continue its discussions of the subject in January 1926, I should be grateful if you would kindly give the necessary instructions in order that the reply of your Government may reach the Secretariat if possible before the end of this year.

EXPLANATORY MEMORANDUM BY THE ECONOMIC COMMITTEE OF THE LEAGUE OF NATIONS.

Import and Export Prohibitions and Restrictions.

The Fifth Assembly, at its meeting on September 25th, 1924, adopted the following resolution ;—

"With reference to paragraph 3 of Article of the Convention relating to the Simplification of Customs Formalities, which has already been signed by thirty-one States and ratified by six ;

"The Assembly :—

"Considering that the system of import and export prohibitions and restrictions constitutes a serious impediment to the free development of international trade, and also,

"That the general situation might in future be favourable to action in this sphere ;—

"Desires the Council to instruct the Economic Committee to consider the possibility and expediency of an agreement between States Members of the League and States non-Members with a view to the final suppression of import and export prohibitions and restrictions, and, if necessary, suggest the most suitable methods of achieving this object. Provisions relating to the protection of the vital interests of States shall not be affected."

On September 29th, 1924, the Council drew the attention of the States to "the desirability of supplying to the Economic Committee without delay the information which will enable it to begin as soon as possible its study of this question.

The subject dealt with in the Assembly's resolution has now received careful and prolonged consideration at three successive meetings of the Economic Committee, who have had at their disposal a large amount of valuable information bearing on various aspects of

the question which has been obtained in reply to a circular letter of enquiry from the Secretariat addressed to the various States, supplemented by the personal investigation of members of the Economic Committee. As it appeared to the Committee that the practical problem is one which is specially interesting for the States of Central and Eastern Europe, it decided to invite the Governments of Austria, Germany, Hungary, and the Kingdom of the Serbs, Croats and Slovenes (of which no nationals are at present members of the Economic Committee) so that they might have the benefit of their views. Accordingly, the following experts, namely, Dr. Schuller (Austria), M. Reinshagen (Germany), Dr. Petery (Hungary), and M. Todorovitch (Kingdom of the Serbs, Croats and Slovenes), have been present at meetings of the Sub-Committee, and the Committee wishes to acknowledge cordially the very valuable assistance which it has received from consultation with these experts.

There appears to be a sufficient consensus of opinion in favour of abolishing or reducing to a minimum the system of import and export prohibitions to warrant preparatory steps being taken with a view to some form of international action in accordance with the provisions of Article 23 (e) of the Covenant relating to the Equitable Treatment of Commerce.

The system of import and export prohibitions, especially when coupled with a licensing system, has been repeatedly condemned by authoritative international conferences as constituting a method of restriction which is peculiarly liable to give rise to abuses and in particular, to inflict on international commerce the grave evils of uncertainty, delay and the possibility of unfair discrimination. For these reasons, import and export prohibitions have been categorically condemned by resolutions of the Brussels Financial Conference (1920), the Porto Rosa Conference (1921), the Genoa Conference (1922) and the Geneva Conference on Customs Formalities (1923). The lastnamed Conference resulted in a Convention on Customs Formalities, which included a general undertaking to limit prohibitions and restrictions as far as possible.

The text of this undertaking is as follows :—

> "In view of the grave obstacles to international trade caused by import and export prohibitions and restrictions, the Contracting States undertake to adopt and apply, as soon as circumstances permit, all measures calculated to reduce such prohibitions and restrictions to the smallest number."

On the above grounds, the Committee, while fully recognising that prohibition is only one out of several methods by which international commerce may be unduly impeded, thinks that there is sufficient ground for considering that this particular method stands on a special footing, as one that has already been recognised as ripe for an effort at international limitation. It is therefore of opinion that the best prospect of a successful advance is to limit its consideration at the present stage to this particular question rather than to extend it to the more general and controversial problem of tariff policy.

Nevertheless, the Committee recognises the possibility that prohibitions when abolished might in some cases be replaced by prohibitive tariffs, which, though in some ways less open to objection, might still offer grave impediment to international commerce, and that the fear of this possibility may prove a considerable obstacle to the successful negotiation of a satisfactory agreement.

Confining itself to the subject expressly referred to it by the Assembly, the Committee has to report that, after very careful study of all the information which it has obtained, it has arrived at the unanimous opinion that the best means of determining definitely how far the conclusion of such an agreement as was contemplated by the Fifth Assembly is expedient and practicable is to prepare a provisional text of draft agreement for the purpose which may form the basis of further consideration by the Committee in consultation with representative commercial organisations and in communication with the various states interested. The text so prepared and recommended as the basis of further discussion is printed on below.

It will be seen that the text takes the form of a series of articles of agreement which could equally well be incorporated in an International Convention (following the precedent of the Customs Formalities Convention) or in a Protocol (following the precedent of the Protocol on Commercial Arbitration). The Committee considers that it is premature at present to attempt to decide the precise form of any instrument that may eventually result from the consultations in which it proposes to engage, or the most appropriate procedure (e.g., whether by an international Conference or otherwise) for the final settlement of a definite text, should the result of these consultations be sufficiently encouraging. It considers that the proper time for offering advice to the Council on these points will be when it has received and considered the observations of the various persons and bodies to whom it now proposese that the provisional text should be communicated.

Generally speaking, the articles set out in the Annex explain themselves, and no detailed commentary appears necessary. The Committee, however, desires to call attention to Articles 9 and 10, which prescribe the character and number of the States whose adhesion and participation is regarded as essential before the proposed ageeement shall take effect, and the procedure to be followed if, through subsequent denunciation, the parties to the agreement should be diminished below the aforessaid minimum. The form of these articles is a little unusual, but it has been strongly represented to the Committee that the practical possibility of suppressing import and export prohibitions in one country is so vitally dependent on the corresponding action of the countries with which it has important commercial relations that, without some such stipulation, it would probably be impossible to make the agreement generally acceptable.

It may be found necessary, in order to remove uncertainties, to accompany the agreement with an Appendix (in the form possibly of a "protocole de signature") giving certain declarations and explanations which would unduly cumber the text of the instrument itself. The text of such an appendix, however, could only be settled at a later stage in the light of the observations and criticisms yet to be received.

Among the matters which it is desirable to make clear is that the prohibitions and restrictions covered by the agreement do not include arrangements of a purely tariff character, even when such tariff arrangements involve a system of rationing.

Finally, the Committee wishes to revert to the observation already made as to the possibility that prohibitions when abolished might in some cases be replaced by prohibitive tariffs. The question whether the apprehension here indicated is sufficiently serious to make it inexpedient to conclude any agreement for the suppression of prohibitions is of course a question of high policy for the consideration of the State. The Economic Committee, however, while not attempting to decide this question at the present stage, is unanimously of opinion that it is highly desirable to pursue the matter to the next stage, *viz.*, the consultation of the commercial representatives and other competent advisers on a provisional text, and the communication of such text to the various States interested whether Members of the League of Nations or not.

The Committee, however, desires to suggest the desirability that any covering letter which the Secretary-General may address to the States for this purpose should make it perfectly clear that the text is circulated at this stage purely as a basis of further discussion and to give an opportunity for observations and criticisms, and not in any way was a definite proposal submitted for adoption by the States. In order to avoid any possibility of doubt, it may be thought well that the present report should be circulated as a preface to the draft articles, or that its substance should be incorporated in the covering letter.

Draft Articles of an International Agreement for the Suppression of Import and Export Prohibitions and Restrictions.

(To serve as the basis of further consideration in consultation with representative Commercial Organisations and other competent bodies, and with the States concerned.)

Article 1.

Subject to the exceptions provided for in the following articles,

each Contracting State undertakes within a period of six months to abolish all import and export prohibitions and restrictions and not thereafter impose or maintain any such prohibitions or restrictions.

In the meantime the Contracting States will adopt all practicable measures to reduce existing prohibitions and restrictions to a minimum and to avoid the imposition of any fresh ones.

Further, they undertake to adopt all necessary measures to see that the provisions of the present Agreement are strictly observed by all Governments, central or local authorities, and that no administrative regulation is issued in contravention thereof.

Article 2.

Should the Contracting States, in pursuance, of their general legislation, subject the importation or exportation of goods to certain regulations in respect of the manner, form or place of importation or exportation, or the imposition of marks, they undertake that such regulations shall not be made a means of disguised prohibition or arbitrary restriction.

Article 3.

In the case of any prohibitions or restrictions which may be applied within the limits set by the present Agreement, the Contracting States shall, in the matter of licenses, comply strictly with the provisions of Article 3 of the International Convention for the Simplification of Customs Formalities signed at Geneva on November 3rd, 1923.

Article 4.

The following classes of prohibitions and restrictions are not prohibited by the present Agreement, provided that they are applied equally to all foreign countries where the same conditions prevail and are not applied in such a way as to conceal measures the object of which is purely economic.

1. Prohibitions or restrictions having in view national defence, public safety or order.

2. Prohibitions or restrictions issued on grounds of public health.

3. Prohibitions or restrictions having in view the protection of animals and plants against disease, degeneration or extinction.

4. Prohibitions or restrictions imposed for moral or humanitarian reasons or for the suppression of improper traffic, provided that the manufacture of and trade in the goods to which the prohibition relate are also prohibited or restricted in the interior of the country.

5. Export prohibitions or restrictions issued for the protection of national treasures of artistic, historical or archæological value.

6. Prohibitions or restrictions intended, in conformity with the national legislation or international conventions, to protect industrial, literary and artistic property, and to prevent unfair competition in regard to the false marking or appellation of origin, on condition that an analogous protection or supervision is applied to national products.

7. Prohibitions or restrictions imposed for the purpose of extending to imported goods measures of control equivalent or analogous to those applying to home products of the same kind.

8. Prohibitions or restrictions applied to articles which in the interior of the country are subject to State monopoly or to monopolies granted by the State as regards either manufacture or trade,

9. Prohibitions or restrictions established in pursuance of international conventions regulating the traffic in arms, opium or other forms of trade which give rise to dangers or abuses, or relating to methods of unfair competition.

10. Prohibitions applicable to coin, gold, silver, currency notes or securities.

Article 5.

Nothing in this Agreement shall affect the right of any Contracting State to take on importation or exportation all necessary measures to meet extraordinary and abnormal circumstances and to protect the vital economic and financial interest of the State. Nevertheless, in view of the grave inconveniences caused by prohibitions and restrictions, they shall only be imposed in cases of exceptional necessity and shall not be made an arbitrary means of protecting national products or of discriminating against any other Contracting State. Their duration shall be restricted to that of the causes or circumstances from which they arise.

Article 6.

Each Contracting State agrees not to invoke the provisions of the present Agreement as a ground of objection to measures of prohibition or restriction applied by another Contracting State to the products of a third State which imposes on its products prohibitions or restrictions of a kind prohibited by the present Agreement, or which subjects its commerce or shipping to measures of exclusion or discrimination or to unfair methods of competition.

Article 7, [1].

Should a dispute arise between two or more Contracting States as to the interpretation or application of the provisions of the present Agreement, and should such dispute not be settled either directly between the parties or by the employment of any other means of reaching agreement, the parties to the dispute may, before resorting to any arbitral or judicial procedure, admit the dispute, with a view to an amicable settlement, to such technical body as the Council of the League of Nations may appoint for this purpose. This body will give an advisory opinion after hearing the parties and effecting a meeting between them if necessary.

1. This article reproduces the provisions of Articles 22 of the Customs Formalities Convention, signed at Geneva, November 3rd, 1923.

The advisory opinion given by the said body will not be binding upon the parties to the dispute unless it is accepted by all of them, and they are free either after resort to such proceedure or in lieu thereof to have recourse to any arbitral or judicial procedure which they may select, including reference to the Permanent Court of International Justice as regards any matters which are within the competence of that Court under its Statute.

[If a dispute of the nature referred to in the first paragraph of this article should arise with regard to the interpretation or application of Article (.....) of the present Agreement, the parties shall, at the request of any of them, refer the matter to the decision of the Permanent Court of International Justice, whether or not there has previously been recourse to the procedure prescribed in the first paragraph of this article 2.]

The adoption of the procedure before the body referred to above or the opinion given by it will in no case involve the suspension of the measures complained of; the same will apply in the event of proceedings being taken before the Permanent Court of International Justice, unless the Court decides otherwise under Articles 41 of the Statute.

Article 8.

The present Agreement shall be open for signature for a period of twelve months from the present date by any State which is a Member of the League of Nations or to which the Council shall have communicated a copy for this purpose.

Thereafter any such State may accede to the Agreement by an instrument communicated to the Secretary-General of the League of Nations, who shall at once notify its receipt to the other parties to the Agreement.

Article 9.

The present Agreement shall be ratified and the ratifications deposited at Geneva with the Secretary-General of the League of

2. This paragraph is put in brackets to indicate that the Economic Committee wish to leave open the question of its eventual inclusion or omission.

Nations as soonas possible. It shall come into effect ninety days after the date on which the Secretary-General notifies the parties that it has been ratified or acceded to by (..... 3) States including those mentioned in Appendix 4.

As regards a State ratifying or acceding to the Agreement after it has come into force, the Agreement shall come into force ninety days after the notification of such ratification or accession by the Secretary-General of the League of Nations. If within two years from the present date sufficient ratifications and accesions have not been notified to bring the Agreement into force, the States which have ratified or acceded to the Agreement will confer with a view to deciding whether the Agreement should put into effect as among themselves.

Article 10.

Any Contracting State may denounce the Agreement by a notification in writing addressed to the Secretary-General of the League of nations at any time not less than (four) years from the date when the Agreement comes into force. Such denunciation shall take effect one year after its receipt by the Secretary-General and shall only operate in respect of the denouncing State.

If one of the Contracting States named in the preceding article or five other Contracting States not so named denounce the present Agreement, any Contracting State shall be entitled to request the Council of the League of Nations to summon a Conference to consider the situation thus created. If the Council declines this request, any Contracting State may denounce the present Agreement by six months' notice. Should the Conference meet under the auspices of the League of Nations, any Contracting State which dissents from its decision may similarly denounce the Agreement by six months' notice.

Article 11.

In order to indicate the progress which has been made in regard to the abolition of import and export prohibitions or restrictions,

3. Number to be inserted.

4. The list of States to be set out in Appendix will include the States of Europe whose participation in the Agreement is of greatest importance having regard to the magnitude of their trade or their geographical position.

each Contracting State shall, within twelve months of the coming into force in its own case of the present Agreement, furnish the Secretary-General of the Legue of Nations with a statement of the steps which it has taken for the purpose, with a view to the communication of a summary of this information to the various States.

Article 12.

If before the expiration of the period of four years mentioned in Article 10 one-third of the Contracting States notify the Secretary-General of the League of Nations of their desire that the present Agreement should be revised, the other Contracting States undertake to participate in any consultation that may take place with a view to the revision or maintenance of the Agreement.

(*Note.*—The Agreement, if it take the form of a Convention, will need to be completed by the usual Articles which have become "common", dealing with such matters as the position of Colonies and overseas possessions or of countries which form part of the same Sovereign State, the relation of the Convention to the rights and duties of States as Members of the League of Nations, etc.)

No. T.-543, dated 3rd March 1926.

From Chamber to the Government of Bombay Revenue Department, Bombay.

With reference to your letters No. 5749-C-24, dated 28th January 1926 and the 17th February 1926 asking the opinion of this Chamber regarding the above, my Committee have carefully considered the matter and have come to the conclusion that this country should not join in a convention on the lines of the draft articles contained in the memorandum that you have been good enough to send to us with your letter or on any other lines. They have been compelled to come to this conclusion from the experience of the way in which

different countries have treated their obligations under the Washington Labour Convention and the utter helplessness of this country in making such other countries to carry out their obligations or of the Council of the League of Nations to bring such countries into line. In view of this experience, my Committee think it superfluous for India to join in any other similar common action e. g., the one now proposed for the suppression of import and export restrictions and prohibitions.

APPENDIX 8o.

RECOMMENDATIONS OF THE ECONOMIC ENQUIRY COMMITTEE REGARDING INCORPORATION OF INFORMATION REGARDING DIVIDENDS DECLARED BY COMPANIES IN ANNUAL REPORTS OF JOINT STOCK COMPANIES.

No. 5791-G,-24 Bombay Castle, dated 4th February, 1926.

From the Government of Bombay, Revenue Department to Chamber.

In paragraph 26 of their Report the Indian Economic Enquiry Committee have suggested that the report of Joint Stock Companies which is published annually should contain information regarding the dividends declared. This information would probably have to be obtained from companies registered under the Indian Companies Act. I am directed to request that the Governor in Council may be favoured with the views of your Chamber as to the desirability of adopting the Committee's suggestion.

2. The reply to this reference may, please, be forwarded so as to reach Government by 1st March, 1926.

No. T-372 dated 13th February, 1926.

From Chamber to the Government of Bombay, Revenue Department, Bombay.

I am directed by the Committee to acknowledge the receipt of your letter No. 5751-G.-24, dated the 4th February 1926, and to inform you that they have no objection to the suggestion the Indian Economic Enquiry Committee re: incorporation of information regarding dividends declared in annual report of the Joint Stock Companies being given effect to.

APPENDIX 81.

JAVA SUGAR STANDARDS.

No. 819 Calcutta, the 2nd February, 1926.

From Director General of Commercial Intelligence and Statistics to Chamber.

As you are aware the Java Sugar Standards are not absolutely constant but vary somewhat from year to year. And cases of dispute have occasionally arisen, particularly in the May-June-July period, as to whether importations should be judged for duty purposes by the old crop standards or the new crop standards. In the past the new standards have beeen brought into effect as soon as received in each Custom House and this date necessarily varies from year to year. It is, however, almost always prior to the 1st of July. And it has now been suggested that same fixed date should be specified after which the new crop standards will each year be brought into use. The majority of traders consulted to date have been of the opinion that it will not matter very much what date is chosen provided it is definitely fixed and generally known. But at the same time their opinion is generally in favour of fixing the 1st of July.

I shall be much obliged if you will let me know as early as possible the views of your Chamber upon this proposal namely, that prior to the 1st of July each year sugar importations should be judged for duty purposes by the Java standards of the previous seasons and that on and from the 1st of July of each year the new season's standards should be brought into effect.

No. T.-419 dated 16th February, 1926.

From Chamber to the Director General of Commercial Intelligence and Statistics 1, Council House Street, Calcutta.

With reference to your letter No. 819, dated the 2nd instant, I am directed to inform you that my Committee have no objection to the proposed fixing of the date referred to therein with regard to the Java Sugar Standards.

APPENDIX 82.

EMPLOYERS' DELEGATE AT THE 8TH AND 9TH SESSIONS OF THE INTERNATIONAL LABOUR CONFERENCE TO BE HELD AT GENEVA. (VIDE ITEM No. 104 OF THE CHAMBER'S ANNUAL REPORT FOR 1925).

No. T/541, dated 3rd March 1926.

From Chamber to the Secretary to the Government Commerce Department of India, Delhi.

"Committee Indian Merchants' Chamber reemphasise what they observed in their letter dated 10th December last to Government of Bombay regarding representation of employers at 8th and 9th sessions of the International Labour Conference to be held at Geneva. Indian commercial opinion demands the appointment of an Indian to represent mercantile marine interests, "Inchambu"

No—T/698, dated 18th March 1926.

From Chamber to the Secretary to the Government of India Department of Industries and Labour, Delhi.

"Committee Indian Merchants' Chamber strongly protest against nomination of a non-Indian to represent interests of employers at forthcoming sessions of International Labour Conference and at nomination of a non-Indian even as and adviser to him. Committee strongly feel such nomination is in direct violation of the spirit of the constitution of Labour Conference and the spirit of resolutions passed by the Indian Legislature and also in contravention of the recent promise given by the Under Secretary of State for India in the House of Commons, Inchambu."

No. T/988 23rd April 1926.

From Chamber to Officers of the 9th Session of the International Labour Conference, Geneva.

Under Article 389 of the Treaty of Versailles, I have been directed by the Committee of this Chamber to convey to you their emphatic and strong protest against the validity of the nomination of the Delegate appointed to represent Indian Employers at the 9th Session of the International Labour Conference to be held at Geneva in May next. Section 389 of the Treaty of Versailles is to the effect that the members undertake to nominate non-Government delegates and advisers chosen in agreement with the industrial organisations if such organisations exist which are most representative of employers or work people as the case may be in their respective countries. My Committee submit that this clause must be construed to mean that the organisations to be consulted by Governments of the different countries with regard to the nomination of non-Government delegates should be indigenous and not foreign and that the

delegates chosen should also be nationals and not non-nationals or aliens. There are several indigenous organisations in this country representative of the interests of employers in the form of Indian Chambers of Commerce and Millowners' Associations. These Chambers and Associations have a recognised status and position and are consulted by the Government of India and Provincial Governments with regard to important public questions. My Committee may be allowed to give a list of public and semi-public institutions on which this Chamber has the privilege of sending its representatives, to show its representative character :—

		Number of representatives.
1.	Indian Legislative Assembly	1
2.	Bombay Legislative Council	1
3.	Bombay Municipal Corporation	1
4.	Bombay Port Trust	5
5.	Bombay Improvement Committee	1
6.	Bombay Development Department Advisory Committee	1
7.	Bombay G. I. P. Ry. Advisory Committee	1
8.	Bombay B. B. & C. I. Ry do	1
9.	Bombay Royal Institute of Science Advisory Committee	1

Similarly other Indian Chambers and the two Millowners' Associations enjoy the like privileges in their own Provinces. Membership of all these Indian Chambers and the two Millowners' Associations is given below to show the numerical strength of these organisations :—

1.	The Indian Merchants' Chamber	430	Members.
2.	Mysore Chamber of Commerce, Bangalore	96	"
3.	Indian Chamber of Commerce, Calcutta	150	"
4.	United Provinces Chamber of Commerce, Cawnpore.	107	Member.
5.	Gwalior Chamber of Commerce, Gwalior	23	"
6.	Bengal National Chamber of Commerce, Calcutta.	193	"
7.	Southern India Chamber of Commerce, Madras.	112	"
1.	The Ahmedabad Millowners' Association	68	"
2.	The Bombay Millowners' Association.	92	"

Besides these Indian Chambers and Millowners' Assaciations there are British Chambers of Commerce also in cities of commercial importance just as there are British Chambers even in important European centres of trade and industry. While, however, these Continental countries will not think of consulting these British Chambers for nomination of delegates to International organisations the Government of India has unfortunately allowed itself to be frequently guided by their choice. In illustration of this my Committee may point out that out of the seven sessions so far held of the International Labour Conference there was only one session viz. the III session held at Geneva where an Indian employer was nominated to reperesent employers of this country. It cannot surely be supposed that out of all the galaxy of manufacturers and industrialists of Indian nationality Government could find in all these years only once a suitable name to represent Indian employers or had only once a suitable Indian name recommended to them. My Committee submit that only Indian Chambers of Commerce and industrial

organisations should be consulted with regard to the question of sending delegates to International Labour Conferences, and not non-Indian bodies that largely, if not mainly, represent non-Indian interests and cannot claim to represent the opinion of the country. This will be better appreciated if we give below the membership of British Chambers of Commerce :—

1.	Bombay Chamber of Commerce	127	Members.
2.	Bengal Chamber of Commerce	237	,,
3.	Burma Chamber of Commeree	71	,,
4.	Tuticorin Chamber of Commerce	11	,,
5.	Upper India Chamber of Commerce	85	,,
6.	Punjab Chamber of Commerce	109	,,

The number of Indian employers of labour is far more than that of British employers and their stake and interests in the country are also far greater than those of their British confreres. In view of all these circumstances, my Committee beg to urge that India which though a part of the British Empire is yet a member with full rights of the League of Nations and its adjunct the International Labour Conference should be represented by her own nationals.

Coming to the subject matter of the protest, I am directed to state that my Committee received a letter from the Government of Bombay dated 23rd October 1925, enclosing a Press Note which announced the holding of the 8th and 9th Sessions of the International Labour Conference and invited suggestions from employers and and workmen's organisations for names of their delegates. In this Press Note it was expressly stated that the Government of India will attach due importance to representations made by organised representative associations of employers and employed and in view of the nature of the Agenda special weight will be given on this occasion to nominations made by Associations of shipowners and Seamen. In accordance with this Press note, my Committee recommended the

the nomination of Mr. Narottam Morarjee as a rapresentative of employers. Mr. Narottam Morarjee is the Chairman of the Scindia Steam Navigation Company, Limited, which has got a deadweight tonnage of owned steamers of about 58,000 and chartered steamers of about 40,000 tons. He is also one of the biggest millowners and industrialists of this Province and an ex-Sheriff of Bombay. My Committee have reason to believe that their recommendation was supported by other Indian Chambers of Commerce and Millowners' Associations. Notwithstanding this, the Government nominated the Hon'ble Sir Arthur Froom as delegate of employers of this country on the ground presumably that his nomination was recommended by British Chambers of Commerce which, as my Committee have stated above have or should have no *locus standi* in the matter. Not a single Indian Chamber of Commerce or industrial organisation has, so far as the information of my Committee goes, recommended Sir Arther Froom for appointment. Sir Arthur Froom is a partner of Messrs. Mackinnon Mackenzie & Co., Ltd., Managing Agents of the B. I. S. N. Co., Ltd., which is a British shipping company. It is registered in England and it interests are naturally adverse to those of Indian shipping companies and its activities and influence has always been used to prevent the establishment and growth of a really Indian Mercantile Marine. We need not give here the details of the methods by which this unfortunate result has been brought about. They were fully exposed in the evidence before the Indian Mercantile Marine Committee appointed by the Government of India. Suffice it here to say that its effect on the Members of that Committee was so great that with one dissentient, in the person of Sir Arthur Froom himself, they recommended that in order to develop an Indian Mercantile Marine the coastal Trade of India should be reserved to Shipping owned and manned by Indians. That Sir Arthur Froom, the head of the British India Steam Navigation Company's organisation in India, should be the only dissentient in the Report of the Indian Mercantile Marine Committee is not surprising as this non-Indian company would have been the greatest sufferer by any development of Indian shipping. It is not difficult to account for the attitude of Sir Arthur Froom as a Member of the Indian Mercantile Marine Committee, but it makes all the more difficult to understand

why the Government of India should have apointed him as the "Indian" Employers' Delegate to represent the interest of India at the 9th Labour Conference, where Indian shipping interests will be most concerned and my Committee submit that he should not be allowed to act as a real representative of India as he has not been selected in agreement with the most representative organisations of Indian employers.

My Committee beg to further point out that to allow such a representative of British interests to act on behalf of India for the International Labour Conference amounts to an over-representation of British shipping interests at the expense of India and to the great disadvantage of other Maritime countries participating in the Conference.

In view of all that is herein urged, my Committee respectfully submit that the nomination of Sir Arthur by the Government of India as a representative of Employers of this country should not be recognised by the Conference.

Committee's Resolution dated 6th April 1926:

Resolved that this Chamber authorises Mr. S. N. Haji to lay on behalf of the Indian Merchants' Chamber before the Credentials Committee of the International Labour Conference their protest against the appointment of a non-Indian as Employers' Delegate to the forthcoming 8th and 9th Sessions of the International Labour Conference.

Sd. J. K. MEHTA,

Secretary.

---

dated the 9th June 1926.

Telegram from Chamber to the Officers of the 9th Session of the International Labour Conference, Geneva.

"Committee Indian Merchants' Chamber have seen Telegrams in Chronicle dated 5th June Saturday reporting statement alleged to have been made by Sir Luis Kershaw at the Eighth International Labour Conference to the effect that the Government regarded the Bengal and Bombay Chambers of Chambers as the most representative organisations. If such statement made Committee Indian Merchants' Chamber emphatically protest against it and beg to point out two Chambers named represent mainly European interests not Indian interests. Indian Merchants' Chamber refers in this connection to their letter No. T. 988 dated 23rd April 1926 addressed to Officers of Ninth International Labour Conference.

Mehta Secretary."

Dated the 9th June 1926.

Telegram from Chamber to the Government of India Department of Industries and Labour, Simla.

"Committee Indian Merchants' Chamber have seen in Saturday's Bombay Chronicle reporting a statement alleged to have been made by Sir Luis Kershaw at the Eighth International Labour Conference to the effect that the Government regarded the Bengal and Bombay Chambers of Commerce as the most representative organisations in the country. Committee request Government to explain whether the above statement was authorised by Government of India and whether Government identify themselves with Sir Luis Kershaw's views. If not, what steps Government propose to take to correct such a wholly erroneous and misleading statement.

Inchambu."

No T.-1385, dated the 1st July 1926.

From Chamber to the Government of India Department of Industries & Labour, Simla.

I am directed by the Committee of this Chamber to draw your attention to their telegram dated 9th June 1926 sent to you with regard to the statement alleged to have been made by Sir Luis Kershaw before the Credentials Committee of the 8th International Labour Conference re: the representative character of the Bombay and Bengal Chambers of Commerce.

My Committee are surprised to find that this telegram is not as yet even formally acknowledged. My Committee will be much obliged if Government will be pleased to inform them whether they have made any enquiries in the matter and if so, with what result.

No. L.-1398, dated Simla, the 8th July 1926.

From Government of India, Department of Industries and Labour to Chamber.

In reply to your letter No. T.-1385 of 1st July 1926, I am directed to state that the Government of India would prefer not to discuss statements said to have been made at Geneva until authentic reports are available. They understand further that the questions raised by your telegram of 9th June are under discussion at the Ninth International Labour Conference at Geneva and may be said therefore to be still *sub judice*. In the circumstances they consider it undesirable that they should participate in the discussion of these questions before the Conference has reached a decision.

No. D, 609/201/33/1 8th July 1926.

From International labour office (League of Nations) to Chamber.

I have the honour to refer to your letter of 23rd April last communicating on behalf of the Indian Merchants' Chamber, Bombay an objection against the nomination of the Indian Employers' delegate to the Ninth Session of the International Labour Conference.

In accordance with the Standing Orders of the Conference, your letter was lodged with the Officers of the Conference and transmitted by them to the Special Committee set up by the Conference under its Standing Orders to verify the credentials of the delegates and advisers nominated to attend the Session.

The Credentials Committee gave full consideration to the objection communicated by you, as well as to similar objections which had been received from other associations of Indian employers. The different documents laid before the Committee were carefully examined, oral statements were heard from the persons concerned, including Mr. S. N. Haji, representing the Indian Merchants' Chamber and the other protesting organisations, and a special report on the credentials of the employers' delegate in question was drawn up by the Committee explaining the procedure which it had followed, the conclusions at which it had arrived and the grounds of its conclusions. This report was submitted to the Conference, recommending for the reasons given in it that the credentials of the Indian Employers' delegate should be confirmed by the Conference, and this report was adopted by the Conference after a short discussion at its ninth sitting.

In order to supplement the above summarised statement of the facts I have pleasure in sending you herewith* extracts from the official Provisional Record of the Conference containing the special report of the Credentials Committee and the record of the discussion which took place in the full Conference when the report came up for consideration. These extracts are as follows :

* Not Printed. Vide File No. R. 71 of 1926.

Ninth Session.

1. Extract (pages IV-XXVI) from No. 9 of the Provisional Record containing the fifth report of the Credentials Committee.

2. Extract (pages 157-158) from No. 12 of the Provisional Record, giving the record of the discussion on the above report at the ninth sitting of the Conference.

These documents will give you full information as to the proceedings of the Credentials Committee and of the Conference on the matter in question.

No. T.-1559, dated 29th July, 1926.

From Chamber to Government of India Department of Industries and Labour, Simla.

With reference to your letter No. L.-1398, dated the 8th July 1926, I am directed by the Committee of this Chamber to address you as follows :-

From the official reports received from the International Labour Office, Geneva, my Committee understand that Sir Luis Kershaw, the Government of India's Delegate, has made a *formal declaration to the Credentials Committee that the Chambers of Commerce of Bengal and Bombay were really the most representative of employers of India.* The Fifth Report of the Credentials Committee from which this statement is quoted had been adopted by the 9th Session of the International Labour Conference on the 19th June 1926, and must have reached Government by now.

My Committee will be much obliged if Government will kindly now explain whether the statement in question was authorised by them and whether they identify themselves with Sir Luis Kershaw's above views.

No- L.-1398, Dated 5th August, 1926.

From Government of India Department of Industries and Labour to Chamber.

I am directed to reply to your telegram of 9th June 1926 in which you refer to a statement said to have been made by Sir Louis Kershaw at the Eighth International Labour Conference to the effect that Government regarded the Bengal and Bombay Chambers of Commerce as the most representative organizations in the country. Your Committee ask if the above statement was authorized by the Government of India and whether they identify themselves with these views.

2. The Government of India have received the Provisional Records of the Eighth Conference, from which it appears that the question of the respective claims of different organizations in India to be regarded as representative was not decided at that Conference. Sir Louis Kershaw indicated, however, that he would be prepared at the Ninth Conference to make it clear that Sir Arthur Froom had been nominated by the most representative organizations of employers in India. A statement to this effect was accordingly made to the Credentials Committee of the Ninth Conference and the Government of India understand from your letter No. T.-1559 of 29th July that you now desire their views upon this statement. As this statement referred to the main point at issue between your Chamber and the Government India at this conference, they are glad to have this opportunity of making their position clear.

3. The question of whether Sir Arthur Froom was or was not properly nominated to that Conference rests upon the interpretation of Article 389 of the Treaty of Varsailles, which runs as follows :—

> "The members undertake to nominate non-Government delegates and advisers chosen in agreement with the industrial organizations, if such organizations exist, which are most representative of employers or workpeople, as the case may be, in their respective countries."

The Ninth Conference held at Genoa in 1920, was convened expressly for the purpose of discussing questions affecting seamen. The Government of India announced, therefore, that they would attach special weight to nominations made by associations of shipowners and seamen. The nominations made by various Governments to the Genoa Conference in 1920 were made on this principle and the Government of India believe that it was generally accepted in other countries on this occasion also.

4. The nominations received for the employers' delegate by the date fixed were as follows :—

(1) Sir Arthur Froom—Recommended by the Chambers of Commerce Bengal and Bombay.

(2) Mr. Narottam Moraji (Chairman, Scindia Steam Navigation Co. Ltd.)—Recommended by the Indian Merchants' Chamber, Bombay, and the Buyers and Shippers' Chamber, Karachi.

(3) Sir Fazulbhoy Currimbhoy—Recommended by the United Provinces Chamber of Commerce.

No question has arisen regarding Sir Fazulbhoy Currimbhoy's claim, but the Government of India take this opportunity of pointing out that your representative at Geneva, Mr. Haji, in a written statement presented to the Ninth Conference, alleged that the United Provinces Chamber of Commerce had definitely nominated Mr. Narottam Morarji.

5. After considering the nominations received by the date fixed the Government of India nominated Sir Arthur Froom because they believed that, for the purposes of the present case, the associations nominating him, viz, the Bangal and Bombay Chambers of Commerce, were the most representative organizations of employers. Your Chamber consider that Mr. Narottam Morarji, having been nominated by your Chamber and by the Buyer's and Shippers' Chamber, Karachi, had the better claim. The last mentioned Chamber

nominated both employers' and labour delegates, so that it appears to be in some doubt as to the category in which it falls, but the Government of India understand that it is composed of merchants rather than employers. In any case, it can hardly claim to represent employers of Indian seamen to any appreciable extent. The question therefore reduces itself to the respective claim to be regarded as representative on this occasion of your Chamber and the Bengal and Bombay Chambers of Commerce. On this question, the Government of India had no doubt whatever. The fact that the Bengal Chamber of Commerce includes the Liners Conference—possibly the only representative association of those employing Indian seamen is in itself sufficient to outweigh any claim that could be put forward by your Chamber in this connection. The Government of India observe that in the written objection you sent to the Conference, you stated that the Bengal and Bombay Chambers of Commerce should have no *locus standi* in the matter and, after stating there were in India "British Chambers just as there are British Chambers even in important European centres of trade and industry," you went on to point out that in Continental countries British Chambers of Commerce were not consulted in making nominations, and suggested that only the Indian Chambers of Commerce and industrial organizations in India should be consulted. As you must be well aware, this was an entirely misleading comparison. Chambers like the Bengal Chamber of Commerce are not mere associations of merchants and commercial men; they are composed largely of the employers of numbers of workers in India, and they cannot be debarred from participation in questions of this kind on racial grounds. The Government of India accordingly maintain that, with reference to the questions at issue at Geneva, the associations nominating Sir Arthur Froom were the most representative organizations and they had no hesitation in instructing the Government delegates to this effect.

6. The Government of India regret the delay in replying to your telegram, but they felt that it was most undesireable for them to make any pronouncement at a time when the Conference was considering their decision between the view presented by your

Chamber and that put forward by the Government of India. As you are doubtless aware, the Ninth Conference has since given its decision, and Sir Arthur Froom's credentials were validated by the endorsement, without a dissentient vote, at a plenary session of the unanimous recommendation of the Credentials Committee, before whom your case was presented.

APPENDIX 83.

10TH SESSION OF THE INTERNATIONAL LABOUR CONFERENCE.

Press Note.

Simla, May 18.

The Government of India have been informed that the tenth session of the International Labour Conference will be held at Geneva in 1927. The exact date will be notified later.

The items on the formal agenda of the session are: (1) Sickness Insurance (excluding maternity insurance and the insurance of seamen); (2) Freedom of association (excluding the question of right to strike and (3) Minimum wage.

Representation of each State should include four delegates of whom two will be Government representatives, one a representative of employers and one a representative of Labour. The right of nominating all delegates rests with Government but in selecting delegates for employers and labour, the Government of India will attach due importance to the recommendations made by organised representative associations of employers and employed.

All suggestions as to nomination of non-Government delegates should reach the Secretary to the Government of India in the Department of Industries and Labour at the earliest possible date and, in any case, not later than 1st January, 1927 in order to enable

the Government to make elections, to report them to the International Labour Office and to make adequate arrangements for the journey of the delegates.

Allowances (on a scale which can be ascertained by application to the Department of Industries and Labour) will be granted by the Government to defray the expenses of the delegates finally nominated.—Associated Press, Special Service.

No. T.-1887, dated 18th September 1926.

From Chamber to the Secretary to the Government of India Department of Industries and Labour, Simla.

With reference to the Press Communique which was issued from Simla on 18th May 1926 regarding the 10th session of the International Labour Conference to be held at Geneva in 1926, I am directed by the Committee of this Chamber to inform you that they strongly recommend Mr. G. D. Birla of Messrs. Birla Bros., Ltd. President of the Indian Chamber of Commerce, Calcutta, as Employers' Delegate for that Conference. Mr. Birla is well known as a prominent Indian industrialist, interested in jute mills, coal mines, cotton mills and factories, etc., etc. My Committee are sure that Mr. Birla's nomination will meet with the approval of all the Indian employers and hope that the Government of India will be pleased to nominate him as Employers' Delegate for the 10th session of the International Labour Conference.

APPENDIX 84.

PROPOSED COMMERCIAL CABLE SERVICE BY THE EAST INDIA COTTON ASSOCIATION.

No. 1940-M 1/4 Bombay 9th February 1926.

From the East India Cotton Association, Limited to Chamber.

The Board of my Association have appointed a Sub-Committee consisting of :—

Mr. W. G. McKee (Chairman),

Mr. T. H. Cartwright,

Mr. C. P. Bramble,

Mr. R. Fleming, and

Mr. Durgadutt Sawalka,

to enquire into the increased charges now being levied by Messrs. Reuters Limited for their Commercial Cable Service. Many members of may Association are of opinion that the new charges are prohibitive. It has been suggested that this Association should provide for its members or those members interested, a cable service of Cotton Market movements as it is believed that all the information required could be supplied as expeditiously as and more cheaply than is being done by Reuters. This Committee have been requested to go into this question in full detail but before it does so the members of it suggest that it might be advantageous if they had a joint meeting with any members of your Committee who are interested in this subject,

I am addressing a similar letter to the Secretaries of the Bombay Chamber of Commerce and of the Millowners' Association, Bombay. If there is any other commercial body whom you think should be included in such a meeting I shall be glad to hear any suggestion you may have to make.

No. T. 528, dated 3rd March 1926.

From Chamber to East India Cotton Association, Bombay.

I am directed to acknowledge receipt of your letter of the 9th February 1926, No. 1940-M. 1/4.

My Committee approve of the idea of holding a joint meeting to consider the question referred to in your letter and have nominated Mr. B. F. Madon, Vice-President of this Chamber, and Mr. Mathuradas Vissanji Khimji to be their representatives for attending the meeting.

No. 2361-SE/11, Bombay, 12th March 2926.

From the East India Cotton Association, Limited to Chamber.

I am directed to forward herewith 3 copies of report of a meeting held on the 11th March 1926 of the representatives of the Bombay Millowners' Association, The Bombay Chamber of Commerce and your Chamber to confer with the Sub-Committee appointed by my Board on the question of the proposed inauguration by my Association of a Cable Service for cotton market movements to replace the existing Reuters Service for the information of the Committee of your Chamber.

The East India Cotton Association, Limited.

Report of a meeting of the representatives of the Bombay Millowners' Association, Bombay Chamber of Commerce, Indian

Merchants' Chamber and the Sub-Committee appointed by the Board to confer on the question of proposed inauguration by the East India Cotton Association Limited, of a Cable service for cotton market movements to replace the existing service of Reuters, held on Thursday, 11th March 1926 at 3-30 p. m. in the Board Room, Taj Building.

Present.

W. G. Mc Kee Esq., (Chairman) C. P. Bramble Esq., T. H. Cartwright Esq., R. Fleming Esq.,	Representing the East India Cotton Association, Limited.
G. Sugdury Esq., R. Sulivan Esq.,	Representing the Bombay Chamber of Commerce.
N. N. Wadia Esq., C. I. E., J. A. Kay Esq., A. Geddis Esq., H. P. Mody Esq.,	Representing the Bombay Millowner's Association.
Mathuradas Vissanji Esq., B. F. Madan Esq.	Representing the Indian Merchants' Chamber.

and in attendance the Manager, Clearing House.

The Chairman fully explained the purpose of the meeting and read the Sub-Committee's minutes of the meeting held on the 28th January to confer with Mr. Lelas of Reuters.

The Chairman further stated that the meeting with Mr. Lelas was not satisfactory from the subscribers' point of view, as no hope was held out for a reduction of the new charge which was so much increased, and suggested that the Association could provide a service for its members.

Mr. Kay stated that replies had been received from 23 of their members, 21 of whom are discontinuing Reuters service.

Mr. Wadia informed the meeting that at Liverpool wires are posted daily for the information of members shewing all positions, but thought all we required here were the opening and closing rates of various markets and perhaps once a week all quotations,

Mr. Kay asked, if Reuters curtailed their service would they be prepared to reduce their charges ; the Chairman replied that Mr Lelas had stated that they were not prepared to offer a cheaper service for less news.

It was finally resolved "that this meeting is of opinion that the East India Cotton Association should provide a Cotton service for the benefit of its members and that the cost of this service should be borne by the East India Cotton Association".

12th March 1926.

T. P. WADESON,

Manager,

COTTON CLEARING HOUSE.

APPENDIX 85.

IMPORT OF COTTON AND COTTON SEEDS FROM PERSIA INTO KATHIAWAD PORTS.

No. 2746, dated 15th February, 1926.

From the Indian Central Cotton Committee Bombay to Chamber.

It is understood by my Committee that in connection with the steps which have been taken to prevent the introduction of strange insect pests through the medium of imported Cotton Seed an unexpected complication has risen through the importation of unginned cotton (capas) at certain ports in Kathiawar States. As you are aware the importation of kapas into British India is entirely prohibited. It is understood that there is a certain import at Kathiawar ports of capas from Persia, but my Committee have very little information at present as to the extent of such imports. I am to ask if

your Chamber can furnish us with any information as to the extent of such imports. It has been suggested that your members' personal knowledge of the States might be of assistance in giving the information.

No, T.- 570 dated the 4th March, 1926.

From Chamber to the Indian Central Cotton Committee Bombay.

I am directed to acknowledge receipt of your letter No. 2746 dated the 15th February 1926, and to inform you that the Kapas of various kinds, e. g., Ispahani, Karmani, and Mekrani, is imported in Porbandar from Persia to the extent of two to three thousand bales in Indian craft.

The usual season of this importation is October and November.

APPENDIX 86.

DEPARTMENT OF CHEMICAL ANALYSER TO GOVERNMENT OF BOMBAY.

(Vide item No. 86 of the Chamber's Report for 1925.)

No. 3701-762-B, dated Bombay Castle, 10th February 1926.

From the Government of Bombay General Department to Chamber.

With reference to your representation No. T-939, dated the 16th July 1925, on the subject mentioned above, I am directed by the Government of Bombay (Transferred Departments) to say that the matter has been under discussion with the several officers concerned

and, before taking any final decision regarding the general policy that should be followed in this respect in future, Government would make the following observations on the various points involved therein.

2. The institutions particularly referred to in your representation are—

(1). The Chemical Analysers' Laboratories.

(2) The Haffkine Institute, Bombay (formerly known as the Bombay Bacteriologieal Laboratory).

(3) The College of Agriculture Laboratory, Poona,

(4) The Victoria Jubilee Technical Institute, Bombay, and your last paragraph may be taken to apply to the two Public Health Laboratories at Poona and Karachi. Of these the Victoria Jubilee Technical Institute is an aided institution, over which Government have no direct control, and you may, therefore, address the authorities of that institution on the subject. As regrds the Agricultural College Laboratory, attention is invited to Question No. 21 put in the last session of the Legislative Council by Mr. A. N. Surve and the reply given to it (copies enclosed for ready reference).

3. The private work done at the Haffkine Institute is very small in quantity and consists mostly of examinations of samples sent avowedly for purposes of public health. The Director of the Institute states that out of the 156 samples alluded to by you only three were for boiler purposes and it not infrequently happens that samples may be sent there as a control to examinations elsewhere. Thus it seems undesirable, particularly from the point of view of public health, to interfere with the practice of this Institute. With regard to the two Public Health Laboratories at Poona and Karachi, the Director of Public Health reports that no analyses of commodities for commercial as distinct from health purposes are carried out in either. They undertake bacteriological examinations sometimes for medical practitioners and in the interest of public health and it seems

right that they should do this. It is therefore unnecessary to disturb system in force at these Laboratories.

4. Alluding to your remarks about the Chemical Analysers' Department, I am to say that your statement that the Chemical Analyser to Government, Bombay, has "created a new practice of conducting surveys and valuations of commercial and economic products at mines or warehouses, docks, and railway yards in and outside Bombay for internal as well as import and export trade" is not in accordance with facts as reported by the Surgeon General with the Government of Bombay and the Chemical Analyser to Government. Instructions are, however, being issued to these officers that no Government stationery should be used when giving certificates as to the results of analyes made privately. As for the scale of fees charged for such analysis in the Chemical Analysers' Department, these should evidently be large enough to preclude any question of unfair competition. Government consider that it is desirable to lay down a definite scale for this purpose and fix the apportionment of fees amongst the various members of the staff. Before arriving at any settlement on these points, Government would be glad to know the scale of fees your Chamber would recommend, taking into account all the different aspects of the question. It will also facilitate the consideration of this whole matter if your Chamber will furnish Government with information as to whether, if private practice by Government analysts were restricted, there are sufficient private analysts of adequate knowledge and experience to do the work and will send a list of those available.

Analysis work in Agricultural College and Victoria Jubilee Technical Institute.

21. Mr. A. N. Surve (Bombay City North): Will Government be pleased to state—

(a) Whether it is true that the College of Agriculture and the Victoria Jubilee Technical Institute though purely

educational institutions accept work of analysis of and report on commercial samples, etc., as is done by the Chemical Analyser as mentioned in question No. 20;

(b) Whether it is fact that the former Principal of the College of Agriculture (Dr. Mann) had put a stop to this practice in the said College;

(c) Whether it is true that after his leaving College the practice has been revived;

(d) Whether Government have received any representation on this subject from the Secretary Indian Merchants' Chamber, Bombay;

(e) If so, what action have they taken or intend to take on it?

Honourable Mr. A. M. K. Dehlavi:—

(a) No analytical work has ever been done at the Agricultural Colleg *as such* from beginning. The Agricultural Chemist to Government has however his office in the same building, and he examines and analyses samples of Agricultural interests, for the public. No charge however is made for this work.

(b) Does not arise.

(c) Does not arise.

(d) and (e). The Honourable Member is referred to the Honourable Minister for Education with regard to this as well as for information pertaining to the Victoria Jubilee Technical Institute referred to in clause (a) above.

No. T, 1033 dated the 4th May. 1926.

From Chamber to the Government of Bombay General Deparment, Bombay.

With reference to your letter No. 3701-762-B. dated 10th February 1926 on the subject mentioned above, I am directed by my Committee to say that the reply to our representation is far from satisfactory. They are surprised to find that the Government is not aware of the practice of the Government Chemical Analysers' Department conducting surveys, valuations and analyses of commercial and economic products at Mines, Warehouses, Docks and Railway Yards in and outside Bombay for internal as well as import and export trade and that the Surgeon General with the Government of Bombay and the Chemical Analyser to the Government have both denied these facts. In commercial litigations in the Bombay High Court, involving claims based on chemical surveys and analyses, the testimony and reports of the Government Chemist and his assistants have always been sought and obtained and judgments have been delivered on the opinion and evidence expressed by the Government Chemist and his assistants. To give one instance only, in suit No. 60 of 1924 in the case of Popatlal Amarchand versus F. Ruttonshaw & Co., a judgment was given by the Honourable Court, based mainly on the evidence of the assistant to the Government Chemist. It is therefore surprising that the Surgeon General with the Government of Bombay should have denied facts so commonly known to the commercial houses and Banks in the City.

My Committee may also point out that it is usual to open Credits with Banks and based on certificates and survey reports issued by the Government Chemist. Such a practice which practically forces business houses to depend upon reports of only the Government Chemist is not desireable. My Committee, therefore, cannot on any account agree to the continuance of the practice of the officers of a Government Department undertaking private commercial work, for it is bound to prejudice either the merchants or the Judges, in favour of the party obtaining the certificate of the Government Analyser

either on private form or on Government stationery; for it does not make any difference as long as the certificates bear the signature of a Government officer, whether the officer was qualified to give evidence or not. It is therefore bound to influence the business public or the Judges.

It is not only the question of high fees charged by the Government officers to which my Committee have objected but their protest is against the principle underlying the present practice of the officers of a Government Department undertaking private commercial and professional work. If the practice of allowing the officers of a particular Department of the Government to undertake private work is justifiable, then the argument may be carried in practice to its logical conclusion and the officers of various other Departments, can as well be allowed to undertake private practice in competition with other professional bodies. To give one instance only, the Accountant General and his assistants can examine, audit and certify accounts of joint stock companies in competition with Chartered Accountants and Auditors. In the same manner, the Electrical Engineer to the Government and his assistants would also claim the privilege of undertaking and certifying to all the electrical engineering works in the City. My Committee are therefore at a loss to understand why such a practice is continued in the Department of the Chemical Analyser. They are asked to suggest a scale of fees which the Government Chemist should charge, but they regret they cannot go into the question of the scale of fees chargeable by Chemists as they are opposed on principle to the prevalent practice itself.

My Committee are surprised at the Government asking for a list of private Analysts of adequate knowlege and experience able to undertake analytical work from the public. They believe that Government are aware of the existence of the Science Institute and of the Chemical Laboratories and courses in various colleges and special examinations and degrees of the Bombay University and that these institutions have been in existence for a considerable time and that hundreds of students have passed out with high distinctions and qualifications. If these specially trained men are not in a position

to undertake private analytical work, my Committee fail to understand on what grounds Government justify the continuance of the Faculties of Science and the other Science Institutions with their teaching laboratories in this Presidency.

It is because of the very undesirable practice continued by the Government Chemical Department that a sufficient number of independent Chemists have not been able to establish themselves in Bombay. There are however at present in practice the following Chemists with laboratories of their own; Messers. Huges and Davies, Mr. Frazer of Messrs. Kemp & Co., Mr. S. P. Nair of Messrs. N. Powell & Co., Mr. M. J. Gujjur, Dr. Kritikar and Mr. Kapilram H. Vakil; and if the Government put a stop to the acceptance of private practice by the Government Chemical Analyser, my Committee are sure there will be a sufficiently large number of private laboratories to undertake commercial and analytical work for the general public.

APPENDIX 87.

PROPOSED INSURED BOX SERVICE BETWEEN INDIA, GREAT BRITAIN AND NORTHERN IRELAND.

No, T.-635 dated 11th March, 1926.

From Chamber to the Director General of Posts and Telegraphs.

It has been brought to the attention of my Committee that some Chambers of Commerce have been recently consulted by your Department with regard to the "proposal to establish an insured box service" between India and Great Britain and Northern Ireland. There is no reference made to my Committee on this question. My Committee are painfully constrained to bring to your notice the fact that this is the third occasion on which your Department has so overlooked to refer such important questions touching the commercial community to them for opinion.

The first occasion was with regard to the new telegram forms, second was with regard to Registration envelopes and this, the third

occasion is with regard to the proposal to establish an insured box service. My Committee will be much obliged if you will be kind enough to let them know the reason why they have been passed over and to favour them with a copy of the papers on which opinions of other Chambers have been invited.

No. 753-E.-25 Calcutta dated the 19th March 1926.

From Director-General of Posts and Telegraphs to Chamber, Bombay.

I am directed to acknowledge the receipt of your letter No. T.-635, dated the 11th March 1926, and, in reply, to say that the Director-General regrets that your Chamber was left out through an oversight on the part of the office when the commercial bodies of this country were addressed in the matter.

2. Steps have now been taken to obviate the possibility of your Chamber, being left out, and the Director-General will be only too glad to consult you in such matters in future.

3. The Director-General will be obliged if you will now favour him with the views of your Chamber on the present proposal which is set out in the accompanying copy of the letter addressed to other commercial bodies.

Post and Telegraphs.

From

The Director-General of Post and Telegraphs.

To

No. 753-E.-25 Calcutta, dated the 22nd January 1926.

A proposal for the establishment of an insured box service between India and Great Britain and Northern Ireland is now under consideration. This service provides facilities for the transmission of articles of gold and silver, precious stones, jewellery and other articles of a like nature, which are prohibited from trans-

mission in *insured* letters. If the proposal is accepted, the rates of postage and other general conditions of transmission of such boxes will be as follows :—

The postage to be prepaid will be 2 annas per 2 oz, with a minimum charge of 10 annas in addition to a fee of 3 annas for registration and the rates as well as the maximum limits of insurance will be the same as for letters. The weight of an insured box will be limited to 2 lbs. and the dimensions, to 12 inches in length, 4 inches in breadth, and 4 inches in height. An insured box will be subject to the customs regulations and laws in force in the country of destination and will therefore be required to be accompanied by a Customs declaration prepared by the sender. The present limit of 25 in respect of coin and bullion (except coin clearly intended for purposes of ornament) will apply to such articles sent by the insured box system.

2. Under the rules at present in force, the articles mentioned above can be sent to Great Britain and Northern Ireland in *registered* letters provided they are insured for their inland transit within the limits of British India, the insurance fee being 2 annas for £6 or fraction thereof of the insured value. Similarly such articles can also be received in this country from Great Britain and Northern Ireland in *registered* letters if plainly superscribed "To be submitted to the Customs" and accompanied by an invoice giving an accurate statement of the value of the contents. These letters are insured for their transit within the limits of British India and the insurance fee which is calculated at inland rates, viz., 2 annas for Rs. 100 or fraction thereof of the insured value, is recovered from the addressee. In the case of loss of such letters in services beyond the limits of British India however an indemnity of Rs. 30 only is payable by the postal Administration to which the despatching office is subordinate.

3. The Director-General will be obliged if you will kindly favour him with an expression of the views of your Chamber on the

proposal referred to above.

I have the honour to be,

Gentlmen,

Your most obedient servant;

H. K. RAHA,

Deputy Director-General.

No. T.-1050, dated the 4th May 1926.

From Chamber to the Director General of Post & Telegraphs Calcutta.

With reference to your letter of 19th March 1926, No. 753-E/25, I am directed to send hereby the views of the Committee of this Chamber.

(a) The Insurance rate proposed to be charged by the Post Office is almost double of what is charged by the Insurance Companies. These companies charge 3-32 percent which covers the article against all risks from the office of the sender to that of the addresses. The Post Office, on the contrary, charges 5 annas for £ 12, which comes to 3-16 percent.

(b) The limit of weight for a parcel is proposed to be 2 Lbs., which is absurdly low when we remember that the limit for a letter to the countries is 4 Lbs, 6 Oz.

(c) The limit of the size proposed for a parcel is 10x4x4 which also is much lower than for a letter for which the limit is 18x18x18.

My Committee place these figures before you with the hope that you will be kind enough to examine these and make suitable changes in the proposed regulations for the Insured Box service.

My Committee may also point out that the proposed Insured Box service should not be compulsory as has recently been made in

the case of gold bullion and coin parcels (Inland), but it should be voluntary with the sender either to transmit articles of gold, silver and precious stones, jewellery and other articles of like nature as he is doing now or to take advantage of the new service,

APPENDIX 88.

SECURITY DEPOSITS FROM INDIAN INSURANCE COMPANIES.

No. T/799 29th March 1926.

From Chamber to Imperial Bank of India, Bombay.

The Committee of this Chamber are informed by a member of the Chamber that the Imperial Bank of India before accepting policies of Indian Fire Insurance Companies calls for a deposit of an equivalent amount. If this is the case, my Committee feel it is tantamount to penalising Indian companies and making business by them impossible and they would be obliged if you will be kind enough to inform them if such a practice is prevalent at present in the Imperial Bank and, if so, what are the reasons which have led to the adoption of such a policy.

Bombay 31st March 1926.

From Imperial Bank of India to Chamber.

In reply to your letter No. T/799 of the 29th inst. we have to say that the necessity, or otherwise, of taking a security deposit or a Banker's Guarantee from a Fire Insurance Company before its policies are accepted depends entirely on the strength of the Company's resources and applies equally to Indian and English Companies. If such security or guarantee *is* required the amount acceptable *on any*

one risk is not necessarily limited to the amount of the security or guarantee.

We may add, for your information, that several Indian Fire Insurance Companies figure on our List of Companies from whom no security deposit or guaranttee is required and that a large number of British and other Companies have been required to furnish such security or guarantee.

No. T. 1028 28th April 1926.

From Chamber to Imperial Bank of India, Bombay.

I am directed by my Committee to acknowledge receipt of your letter No. 1109 dated 31st March 1926 and request you to be pleased to inform them whether the practice of asking security deposit or a Banker's Guaranttee from a Fire Insurance Company is old or is recently adopted.

Bombay 30th April 1926.

From Imperial Bank of India to Chamber.

In reply to your letter No. T. 1028 of the 28th instant we have to say that the practice of asking for a security deposit or a Banker's Guarantee from a Fire Insurance Company is an old established one and has been in vogue in this Bank since its inception.

APPENDIX 89.

SUPPLY OF INFORMATION REGARDING DIVIDENDS OF NON-RESIDENTS BY PRINCIPAL OFFICER OF A COMPANY.

No. 122 (ii)—I. T.-25 Simla, the 10th April 1926.

From Government of India Central Board of Revenue to Chamber.

I am directed to request that you will be so good as to ascertain and communicate to the Central Board of Revenue at your early convenience the views of your Chamber on the question what amount of dividends should be prescribed under section 19A of the Indian Income-tax Act (XI of 1922) inserted by section 2 of the Indian Income-tax Amendment Act (XXIV of 1926), that is, what should be the minimum amount of dividend (or aggregate dividends) drawn by a shareholder from any company in any year that should render it incumbent on the principal officer of the company to report such dividends to the prescribed officer. It is obvious that, while the amount must not be pitched so high as to deprive the section of its utility, to pitch it unduly low would give a great deal of unnecessary work both to principal officers and to the department.

No—T-1029 28th April 1926.

From Chamber to the Central Board of Revenue, Government of India, Simla.

I am directed by my Committee to acknowledge receipt of your Circular No, 122 (ii)—I. T/25, dated the 10th April 1926 and inform you that the minimum amount of dividend (or aggregate dividend) drawn by a shareholder from any Company in any year that should render it incumbent on the principal officer of the Company to report such dividends to the prescribed officer should be fixed at Rs. 10,000.

APPENDIX 90.

DIVERSION OF TRADE OF BOMBAY TO OTHER PORTS.

No. 4271 Bombay 19th October 1926.

From Bombay Port Trust to Chamber.

I am directed to inform you that for some time past the attention of the Port Trust has been drawn to the recent developments of certain of the Kathiawar Ports and the methods which they are employing to attract trade *from* Bombay.

I am to forward, for the information of your Committee, a copy of the Chairman's letter on this subject, No. 3995 of 30th September 1926 addressed to the Government of Bombay and I am to express the hope that, in view of the very serious effect which this unfair competition is having on the trade of Bombay, your Chamber will lend its valuable support by addressing a strong representation to Government in the matter.

Fresh evidence is daily to hand of the efforts which the Kathiawar Ports are making to attract trade from this Port and it is, in the Chairman's opinion, highly desirable that the local Chambers of Commerce should lose no opportunity of impressing on the Government of India the necessity for taking immediate and drastic action.

Copy of letter No. 3995 dated 30th September 1926 from the Chairman, Bombay Port Trust, to the Secretary to the Government of Bombay, Marine Department.

I have the honour to request that the urgent attention of the Government of India may be invited to the serious menace to the trade of the Port of Bombay caused by the alleged practice of certain neighbouring coast ports in the Native States, particularly in Kathiawar, of granting remissions or reductions of Customs duties and

other concessions of a similar nature to importers, with the object of diverting trade from Bombay.

The attention of Government has recently been drawn to this matter on several occasions by both the local Chambers of Commerce but it does not appear that any definite steps have yet been taken to put a stop to the practices referred to. The Port Trust fully appreciate that the solution of the question calls for most careful deliberation on the part of Government but the increasing diversion of trade and the serious effect of this unfair competition on the revenue of the port and of the Railways serving the Port make it imperative to request that Government should not delay taking action. It is a well known axiom of Port administration that once trade has been diverted it is exceedingly difficult to recapture it and the longer the practices referred to are allowed to continue the more difficult it will become to counteract their effect.

It is understood that the Collector of Customs is now supplying the Government of India (Central Board of Revenue) with statistics of cargoes transhipped from Bombay to the Kathiwar ports The Bombay Chamber of Commerce have also advised the Government of India of several specific instances recently brought to their notice in which the concessions granted by the ports in question are enabling importers to market their goods at Ahmedabad and other up-country centres in British India, and even in Bombay itself, at prices considerably below the rate at which the articles can be landed in Bombay. The information obtained from importing firms leaves no room for doubt that these concessions, even where they do not take the actual form of direct remissions or rebates of Customs duty, are financed out of the revenue obtained from the Customs charges levied. To take one specific instance, the newly opened port of Okha, in Baroda State, is offering importers free storage in warehouses and free insurance of their goods for a period of six months. The Jamnagar Railway, which serves the ports of Okha, Jamnagar and Bedi Bunder, is carrying traffic from those ports to inland centres, such as Rajkot and Ahmedabad, at rates representing a reduction of from 53 to 84 per cent on the ordi-

nary railway tariff rates. They are quoting for all traffic, irrespective of class, the minimum rock botton rate of 1/10th pie per maund per mile and, in addition, goods are carried at railway risk and claims are paid by the State. The effect of these unfair concessions is shown by the fact that whereas the rail-borne sugar traffic (B. B. & C. I. Railway) from Bombay to Ahmedabad in 1925 amounted to 2,21,100 maunds, the traffic for the first 7 months of the present year amounted to under 44,000 maunds, in spite of drastic freight reductions made by the B. B. & C. I. Railway. During the same period of 7 months the sugar traffic from Okha, Jamnagar and Bedi Bunder to Ahmedabad was 55,000 maunds, or over 4 times the traffic for the whole of 1925.

Many other instances could be quoted to show the effect of this unfair competition. The principal commodies so far affected, in addition to sugar, are silk and cotton piece-goods, matches, paper, chemicals, gold thread and sizing materials and there is no reason to doubt that if the practices alluded to are allowed to continue, the list will be indefinitely extended. Attempts are now being made to induce the Oil Companies to instal bulk installations and divert their imports to these ports. At least one of the regular Steamship Lines,-the Hansa Line,- has just started a direct monthly connection between Europe and Port Okha and it is understood that negotiations with other Steamship Companies are in progress.

It will be evident to Government that the Port of Bombay, while perfectly able and willing to meet any legitimate competition from other ports, is powerless in the face of such unfair and illicit methods. Applications are being received from merchants stating that the Baroda State are offering them inducements to ship consignments via Okha for destinations such as Ahmedabad, at a cost which represents a saving to them of double the wharfage charges leved in this Port. In the case of most import commodities the port charges represent only a fraction of the Customs Duty leviable under the British India Import Tariff. The import wharfage on sugar in the port of Bombay, for example, is Rs. 18-0 per ton, whereas the Customs Duty is Rs. 4 *per cwt.* It is evident that if the

Native States are allowed a free hand to utilise their Customs Duty for the purpose of subsidising their ports and railways and granting concessions in wharfage, storage, insurance and railway charges in repect of consignments for distinations in British India, they will always be able to offer inducements which no Port in British India can compete with. The result will be increasing loss of revenue to the Imperial Government in Customs dues, to the Port of Bombay and to the Railways serving the Port.

The propect is one which the Trustees of this Port, in common with all who are interested in its welfare, cannot but view with serious apprehension and I would respectfully urge that the gravity of the situation and the imperative necessity of immediate and effective action should be impressed on the Government of India.

From Bombay Port Trust to Chamber.

No. 4338, dated Bombay the 25th October 1926.

In continuation of my letter No. 4271, dated 19th October 1926, I am directed to forward for the information of your Committee an extract from a letter, dated 13th October 1926, from the Director of Commerce and Industry, Baroda State, to the Chairman, Bombay Port Trust, on the subject of the special facilities granted to importers by the Port of Okha and other Kathiawar ports.

Accompaniment to Bombay Port Trust Secretary's.

No. 4338, dated 25th October 1926.

Extract from letter dated 13th October 1926, from the Director of Commerce and Industry, Baroda State, to the Chairman, Bombay Port Trust.

As for special facilities we offer the following ;—

(a) Loan at 4½ p. c, interest for six months.

(b) Free warehousing, and

(c) Free Insurance for six months.

In this connection, I may explain the circumstances under which we are offering these facilities.

Loan; All the Kathiawar ports are offering loans at much lower rates and in some cases without interest. At most of the ports loading and unloading is done at the cost of the States.

We do not charge warehouse rents because at Port Okha there are no private warehouses and the people are very unwilling to sink capital to build their own. There is very great hesitation in the minds of merchants on account of Kathiawar trade conditions and therefore, we are obliged to offer these facilities. These are only temporary and will be withdrawn when normal trade conditions prevail.

From Bombay Port Trust to Chamber.

No. 4490, dated Bombay 2nd November 1926.

In continuation of correspondence ending with my letter No. 4338, dated 25th October 1926, I am directed to forward for the information of your Committee a copy of a statement received from the General Traffic Manager, B. B. & C. I. Railway, showing the quantity of sugar received at Ahmedabad during the current year from Bombay by the all-rail route, and from the ports in Kathiawar. The figures given compare as follows with those of last year;—

	From Bombay by Rail. Maunds.	From Kathiawar Ports. Maunds.
1925	2,21,274	59,557
1926—for 9 months January to September only ...	55,620	1,10,276

The above figures are exclusive of 49,840 maunds received at the Baroda State distributing base at Mehsana during the last two months.

These figures are illustrative of the serious effect of the measures adopted by the Kathiawar ports to divert trade from Bombay.

Yours faithfully,

D. A. Statement. Deputy Chairman.

FIGURES OF SUGAR TRAFFIC RECEIVED AT AHMEDABAD.

(Rate from Bombay to Ahmedabad was reduced from Re. 0-10-11 to Re. 0-9-0 per maund from 8-3-26.)

Period 1926.	From Bombay by rail.	From Kathiawar Ports.							
		From Bhavnagar.	From Okha Port.	From Jamnagar.	From Bedi Bunder.	From Rajkot.	From Veraval.	From Porbandar Docks.	Total.
	Maunds	Maunds	Maunds	Maunds	Maunds	Maunds	Maunds	Maunds	Maunds.
January ...	2,750	1,886¼		4,689¼	7,075¾	...	...	...	13,651¼
February ...	2,411½	7,149⅓		3,068½	8,097¼	...	941	...	19,256¼
March ...	14,381⅔	131¾		2,559¼	12,044¼	...	...	...	14,735¼
April ...	7,855⅓	475		3,605	3,657⅓	...	...	540	8,277½
May ...	5,420⅔	1,76¾		1,642¾	6,138¾	...	...	...	7,957¼
June ...	nil.	9,271½		1,987½	77	...	...	...	11,336
July ...	10,866	1,585		...	512	...	...	...	2,096
August ...	11,935	214		3,910	7,259	5,448	...	...	16,801
September	...	352		5,612	10,202	...	...	...	16,166
Total ...	55,620½	21,240¾	...	27,074¼	55,063¼	5,418	941	540	1,10,876½

From Bombay by rail ... ... 55,620⅓ maunds.
From Khathiawar Ports ... ... 1,10,276⅛ „

Statement of sugar traffic received at Mehsana from Okha Port in Kathiawar and rebooked from Mehsana to Stations on B. B. & C. I. Railway,

Period.	Quantity received at Mehsana from Okha Port.	Quantity rebooked from Mehsana.
	Maunds.	Maunds.
From 28-8-26 to 16-10-26...	,, 49,840	6,977

No. T-2463 10th December 1926.

From Chamber to the Government of Bombay, Marine Department, Bombay.

For several months now my Committee have under consideration the question of the general depression of trade as it affects the mercantile community of the City of Bombay. My Committee feel further serious apprehension that the decline in trade may be accentuated in the forthcoming years and figures may be registered still more startingly different from what they have been in the past. In this consideration my Committee have been assisted by a letter from the Bombay Chamber of Commerce being a report of their Committee investigating the position as also their letter to Government dated the 18th June 1925 on the subject of indebtedness of Government and Local Bodies of Bombay and its effects on trade and industries. They have further before them a Note by the Bombay Port Trust, being comments on the Bombay Chamber Committee's report, and now they have received a copy of the letter addressed by the Bombay Port Trust to yourself, dated 13th November 1926. My Committee do not visualise this decline of trade as a phenomenon, which can be explained by any specific one course. While they do not desire

either to accept or refute any of the explanations given in the notes mentioned by us or are inclined either to subscribe to or criticise the remarks about unfair methods referred to in the said letter of the Bombay Port Trust, they wish to make it perfectly clear that they have always stood for the policy of encouraging the growth and development of comparatively small ports not only in the interests of the consumers and Indian shipping but also in the larger economic interests of the country as a whole. They, however, feel that the position is one of sufficient gravity to justify an authoritative Committee being appointed by the Government of Bombay to sift the issues and to suggest what reasonable means are feasible for preventing any dangerous deflections of trade from existing channels in a manner which would not be advantageous to the whole community. Though the depression of trade generally affecting the Presidency of Bombay and the whole country, has been in operation now for some years, it is to be regretted that such an enquiry has not been undertaken by Government. Any efforts by commercial bodies are necessarily handicapped by their inability to call for information officially or otherwise, and further by the fact that any suggestions as to remedial measures, which they may put forward, would not be necessarily accepted and put into operation. A representative Committee, therefore, with the authority and sanction of the Government behind it is needed at once and it is only on the recommendation of such a Committee that any efforts could be made to reduce any extravagance of terminal or trade charges borne by the trade passing through Bombay, or any active measures can be taken to put down any illegitimate practice by any party, or unfair conditions imposed by railway companies or other public bodies.

I am to urge that my Committee are unanimous as to the need of definite measures for staying the decline of the trade of Bombay, which has reached colossal proportions and which threatens the prosperity and well-being not only of the City, but of the whole Province behind it. My Committee trust that Government will not allow any delay to occur in initiating such an enquiry and I am to convey the assurance that this Chamber will be quite ready to give the fullest co-operation to such an enquiry when it is set on foot.

APPENDIX 91.

PROHIBITION OF THE IMPORTATION OF COFFEE INTO INDIA.

No. 6334-A/24. Bombay Castle, 6th May 1926.

From Government of Bombay, Revenue Department to Chamber,

I am directed to forward a copy of a letter from the Government of India, Department of Education, Health and Lands, No. 676-Agri. dated 13th April, 1926, and of its accompaniments and to request that the Government of Bombay (Transferred Departments) may be favoured with the views of your Chamber on the points mentioned therein.

No. 676 Agri.

Government of India.

Department of Education, Health and Lands.

Simla, the 13th April 1926.

From

M. S. A. Hydari Esquire, I. C. S., Officiating Under Secretary to the Government of India.

To

The Secretary to the Government of Bombay, Revenue Department.

Prohibition of importation of coffee (except in a roasted and ground condition) under Section 3 of the Destructive Insects and Pests Act II of 1914.

Sir,

I am directed to forward for the information of the Government of Bombay, a copy of letter from the Government of Madra's

No. 3584-II(-25-2, dated the 11th November, 1925 and enclosures in which it is proposed that, in the interest of the coffee industry of Southern India, the importation into India of coffee, except in the roasted and ground condition, should be prohibited under section 3 (1) of the Destructive Insects and Pests Act, 1914 (II of 1914) by an amendment of the late Revenue and Agriculture Department Notification No. 580240, dated the 26th June 1926, a copy of which was forwarded to the Local Government, with that Department endorsement No. 581-240 of the same date. In this connection I am also to enclose a copy of a letter No. 2243 dated the the 24th November 1925, despatched on the 3rd February 1926 from the Consul General for the Netherlands, Calcutta.

2. Before considering the Madras Government's proposal, the Government of India would be glad to be favoured with views of the local Government on the following points :—

(1) Whether there is any necessity for a general prohibition of the importation of coffee other than roasted or ground.

(2) Whether the prohibition should be extended only to those countries where stephanoderes occur, the importation of coffee, other than roasted or ground, being permitted from other countries subject to a certificate of freedom from infection under section 3 of Act II of 1914.

(3) Whether prohibition will affect the trade in the indigenous product.

I am to request that, if possible, local commercial opinion may also be sounded on the points mentioned above.

I have the honour to be,

Sir,

Your most obedient servant,

M. S. A. HYDARI,

Officiating Under Secretary.

Copy of a letter No. 3584-III/25-2, dated the 11th November 1925, from the Secretary to the Government of Madras Development Department, to the Secretary to the Government of India, Department of Education Health and Lands.

Destructive Insects and Pests Act, 1914-Notification by the Government of India 580-440, dated 26th June 1922. Necessity for amendment.

I am directed to forward copy of a letter received from the Director of Agriculture, Madras, with its enclosures recommending that the importation of coffee berries by sea should be prohibited and that the notification issued by the late Dapartment of Agriculture and Revenue No. 580-240 dated 26th June 1922 under subsection (1) of section (3) of the Destructive Insects and Pests Act, 1914 should be amended to secure this prohibition. At present, coffee other than roasted or ground is imported into India from the places mentioned in the enclosed list. The coffee borer occurs in Java, Sumatra, Central Africa and the West Indies. There is therefore a case for prohibition of import from these four countries. Import from America and the West Indies is already prohibited. The extension of prohibition to the other countries where the pest is said to occur practically covers the whole coffee producing area in the world. There seems to be no objection to prohibit import of coffee altogether.

The reasons for suggesting the amendment to the Notification in the form recommended are (1) coffee seed for sowing and coffee beans for consumption are indistinguishable; (2) if any country is not covered by the notification, coffee may be exported from an infected area to that country and then re-exported to India. For example, the coffee exported from Ceylon to India is not grown there but comes from the straits; (3) as the larvae of the weevils burrow into the berries they may be unaffected by fumigation especially when large quantities are fumigated.

It is possible that the question may be raised that there may be other reasons for the United Planters Association of Southern India desiring this legislation. As to the possibility of this the Government of Madras are credibly informed that the imported coffee does not compete with the local grown product which is of better quality and commands a different market.

In these circumstances, His Excellency the Governor, acting with his Ministers strongly supports the proposal of the Director of Agriculture to amend the Notification of 26th June 1922.

From the Director of Agriculture R. O. C. No. D. 1091-25 dated the 18th October 1925.

I have the honour to forward herewith copies of correspondence concerning the Coffee bore "Stephanoderes hampei". This pest is a weevil which bores into the berries and reduces the yield of marketable coffee. It occurs in Java, Sumatra, Central Africa and the West Indies. So far as is known, we have not yet got this pest in India.

2. I recommend that the Government of India be asked to amend their notification No. 580-240, dated Simla, 26th June 1922 on the following lines :—

Clause 9. Hevea rubber seeds shall not be imported into British India by sea from America (including the West Indies) except by the Madras Department of Agriculture.

Clause 9-A. Coffee, except in the roasted and ground condition, shall not be imported into British India except by the Madras Department of Agriculture.

3. In view of the import of clean coffee reported by Mr. Waddington and the danger thereby of introducing this pest, I request that very early action be taken in this matter.

Copy of letter No. 4465, dated 16th September 1925 from H. Waddington, Esquire, Secretary, United Planter's Association of Southern India, Madras, to the Director of Agriculture, Madras.

STEPHANODERES.

DANGER OF THE INTRODUCTION INTO INDIA.

You will be aware of the great damage being done to coffee in Brazil by Stephanoderes Coffee and in Java by Stephanoderes hampei.

2. In reply to a recent request made by Mr. Munro for seed of Coffee Robusta from Java, he was informed by the Agricultural Department there as follows :—

> "It is practically impossible to supply you with seeds of coffee Robutsa from here, free from disease, everywhere now Robusta is attacked here by Stephanoderes hampei; as the larvae live in the seeds, the import of seed presents the danger to introduce the pest with them".

3. I understand that the import of coffee seed by post is prohibited entirely from any place outside India. That Coffee seed from America, including the West Indies is prohibited by any channel except through your Department.

4. In view of Stephenoderes being established in the middle East (Java) is it not advisable that import of coffee seed from any source whatever should not be prohibited except through your Department.

5. Of recent years there has been considerable and increasing import of coffee for consumption from the Straits Settlements, this I understand is chiefly if not entirely Coffee Robutsa.

Imports to Madras Presidency from the Straits Settlements.

	1919-20	1920-21	1921-22	1922-23	1923-24	
Coffee	696	3	549	4,832	6,430	cwts.

6. Coffee imported will be in the form of "Clean Coffee" which will be as liable to be infected with stephanoderes as seed coffee and my Association view with alarm this possible source of infection.

7. The following resolution was passed unanimously at the Annual General Meetting of this Association held last month :—

"That this Association wishes to draw the attention of the Director of Agriculture, Madras, and of all Governments in India to the danger likely to arise from the import of Coffee beans whether in the form of seed or otherwise and containers, without disinfection, owing to the prevalance of the disease known as Stephanoderes and other pests in foreign countries."

8. Owing to the proximity of Java to the Straits Settlements it is felt that there is probability of Stephanoderes not being identified in the Straits till it has already, from there, being introduced into Southern India and I should be glad of your opinion as to whether steps should not be taken at once to prohibit the import of coffee into India except in the form of "Roasted and ground Coffee."

Copy of letter R. O. C. No. 530/25, dated the 13th October 1925, from the Government Entomologist, Coimbatore, to the Director of Agriculture, Madras.

I entirely concur with the Secretary, United Planters' Association of Southern India, in his opinions regarding the danger of importing this serious pest of coffee into India through consignments-large or small-of coffee seed from outside India. Java (and latterly Brazil too) has been heavily infected with Stephanoderes and there have been heavy losses of crops thereby.

2. I believe that in the interests of the coffee industry of South India Importation of any coffee seed except in the form of "roasted or ground coffee" should be prohibited from outside Indian limits-including the Federated Malay States, without certificates of fumigation at the port of Export, and it should be made obligatory that all imports be made through the Madras Department of Agri-

culture, so that the consignments might be refumigated before being delivered to the parties importing it.

Statement showing the quantity of coffee, other than roasted or ground imported into British India in 1923-24.

Place.	Quantity cwts.
United Kingdom	28
Aden and Dependencies	425
Mesopotamia	215
Ceylon	10,033
Straits Settlements (including Labuan) ...	24,351
Natal	nil.
Zanzibar and Pemba	214
Kenya Colony	914
Other British Possessions	2
Belgium	98
Persian Gulf	nil.
Native States in Arabia (other than Masket Territory and Trucial Oman) ...	153
Java	1,414
Protuguese East Africa	nil.
Brazil	394
Other foreign countries	8

Copy of a letter No. 2243, dated the 24th November 1925, from the Acting Consul General for the Netherlands at Calcutta, to the Secretary to the Government of India in the Department of Agriculture, Delhi.

I have the honour to inform you that I communicated the information contained in the enclosed cutting of the "Pioneer Mail" of the 28th of August last, relating to the discussion at the Planters' Conference which was held at Bangalore in that month on the danger resulting from the importation of coffee beans from Java to the Department of Agriculture in the Netherlands East Indies. This Department now wished me to inform coffee importers and coffee-planters of this country that only seed-coffee but not market-coffee (coffee ready for consumption) can spread the infection which is feared by the Planter's Conference.

The process of drying, which coffee-beans have to go through before they are fit to be sold as coffee for consumption kills the Stephanoderes and renewed infection is impossible.

As the aforementioned conference passed a resolution drawing the attention of the Director of Agriculture Madras and of all the Governments in India to the danger likely to arise from the import of coffee beans in whatever form, I think the best way to comply with the wish of the Netheralands East Indian Department of Agriculture is to report the contents of its communication to you.

Would you be good enough to also communicate the above to the Director of Agriculture at Madras or should this not be possible would you allow me to do so myself.

Apologizing for troubling you.

No, T,-1221 dated 2nd June 1926,

From Chamber to the Government of Bombay, Revenue Department, Bombay.

My Committee have considered the accompaniments to your letter of 6th May, 1926, No. 6334-A.-24, They fear that the remedy

suggested in the letter from the Government of Madras viz, prohibition of the importation into India of coffee except in the roasted and ground condition will be very drastic. The better course would be in their opinion, to provide that those consignments which are accompanied with a certificate from the local authorities to the effect that the particular beans are free from Stephenoderes hampie should be allowed to be imported and that prohibition must be imposed against those consignments which are not accompanied by such certificates. The Government cannot be unaware of the method adopted under almost similar circumstances with regard to the importation of potatoes in which case certificates from local authorities are required and sometimes fumigation is resorted to, to prevent undesirable consignments from coming in.

APPENDIX 92.

CONCESSION TO COMMERCIAL TRAVELLERS BY FIRST CLASS ON THE G. I. P. AND M. & S. M. RAILWAYS.

No. RC. 1101. Bombay, 13th February 1926.

From G. I. P. Ry. to Chamber.

I enclose herewith a copy of the particulars in connection with the first class mileage coupons books which will be issued to the representatives of the Mercantile Firms over this and M. S. M. Railways from 1st April 1926.

I shall be obliged if you will kindly advise your members of this concession.

GREAT INDIAN PENINSULA RAILWAY.

Circular tickets for Mercantile Firms.

With effect from 1st April, 1926, First class tickets at reduced fares will be issued by the Great Indian Peninsula Railway to re-

presentatives of Mercantile Firms for journeys totalling 3,000 miles performed on business of their firm within six months from the date of issue on production of a certificate in the following form signed by the Proprietor or Managing Director or Senior partner or Manager of the firm.

A coupon book will be issued in favour of not more than four representatives of firms. If a firm has more than four representatives for whom they require this concession, they should buy an additional book or books at the rate of one book for every four representatives or less than four.

FORM OF CERTIFICATE-

I hereby certify that (1)
(2)
(3)–
(4)

is a representative / are representatives of the firm of Messrs _____ and guarantee that the following concession allowed will be used by him / them only for journeys on the business of the firm.

Proprietor, Managing Director or Senior Partner or Manager

(2) *Particulars of Concession* (i) Coupon books will be issued. Each book will consist of 500 coupons, each coupon permitting a journey of six miles; the total 3,000 miles must be completed within six months.

(ii) The price of the book is Re. 234-6-0 or Re. 0-15-0 every 12 miles of journey. Books will be issued by the Assistant Transportation Superintendent, Victoria Terminus, Bombay, on production of the certificate referred to in para (i) above and on payment of the value. The representative or representatives using the book should sign his / their name (s) on the cover.

(iii) Coupons are not transferable and must be used only on journeys connected with the business of the firm.

(iv) A coupon book can be issued from any date, and is available for six months from the date of issue. For example, a book issued on the 1st January will be available for use till midnight of 30th June and will be stamped with the date 30th June on the cover. (v). (a) If the total journey of 3,000 miles is completed before the 30th June, say, on the 15th June, another book can be issued on the 15th June which will be made available upto 14th December.

(b) If a fresh book is not purchased and a journey is going to be undertaken for a distance more than that for which coupons are available, the difference in charges at full tariff fares for the distance not covered by coupons may be paid to the booking clerk who will issue an excess fare ticket for the entire journey in which case the journey must be commenced within the last day of availability of coupon (vi) (a) If, on the 25th June, there are still 40 coupons of 240 miles left and a journey of 300 miles is going to be undertaken there is no objection to the representative or representatives using the 40 coupons on the book in use and the extra 10 coupons required from another book issued on the 25th June and made available upto 24th December.

(b) If a fresh book is not purchased the difference in charges for 60 (300-240) miles at full tariff fares may be paid to the booking clerk, who will issue an excess fare ticket for an entire journey in which case the journey must be commenced within the last day of availability of the coupons.

(vii) The coupon book must be presented to the booking clerk, when a ticket is required, without detaching any coupons from the book. Loose coupons i. e. coupons detached from the book will not be accepted in any circumstances. If the coupon book is issued in favour of more than one representative, the representative undertaking the journey must obtain a ticket in the manner stated above.

(viii) The Booking Clerk will have the right to ask the holder to write his signature on a piece of paper and will compare it with his signature on the cover.

(ix) (a) The Booking Clerk will remove from the book the number of coupons necessary for each journey. He will be entitled to remove a coupon for every six miles or part of six miles, for example, for a journey of 200 miles the Booking Clerk will remove 34 coupons.

(b) He will then issue a first class ticket to the station required without cash payment ruling out the fares and writing on it in red ink the "coupon" in big letters on the back of the ticket.

(c) The date of availability of the ticket issued under this concession will be the same as for ordinary tickets.

(d) Luggage as for ordinary tickets; excess over free allowances at luggage rates.

(e) There will be no refund on unused or time expired coupons. If a party travels only 2,600 miles in six months no refund will be made on the remaining coupons. Neither will refund be granted on unused or partly used first class tickets issued in exchange for coupons.

(f) Passenger found travelling on coupons, which have not been previously exchanged at a Booking Office for tickets will be considered to be travelling without tickets and liable to the prescribed penalities.

III. These circular tickets will also be available in through booking with and journeys on the M.S.M. Railway. Similarly Circular tickets issued by M. S. M. Railway will be available in through booking with and for journey on this Railway.

Victoria Terminus,

25-2-1926.

Chief Traffic Manager.

Dated 29th March 1926.

From Chamber to the Chief Traffic Managers, M. & S. M. Railway Co. Ltd. and Great Indian Peninsula Railway.

The Committee of this Chamber have read with much interest your recent circular regarding coupon books for mercantile firms and appreciated the desire of your Railway to be useful to the commercial community. What my Committee feel is that the system you have instituted for first class coupons for 3000 mil joureny will not be of much use to Indian bussinessmen, many of whom cannot afford, even at the concession rate announced by you sending out their salesmen or employees by first class. My Committee suggest, therefore, that a similar concession should be announced by you with regard to commercial travellers who travel second class. My Committee trust that this suggestion will be adopted by your Railway, as otherwise concessions given to first class commercial travellers alone would be looked upon naturally as favouring European commercial men who usually travel first class.

No. R. 1/1322. Madras, 8th April 1926.

From the Madras & Southern Mahratta Railway Co., Ltd. to Chamber.

I duly received your letter No. T/806 of the 30th of March on the subject of Coupon tickets issued by this Railway for Ist class travel. The intention underlying the arrangement is not so much to afford a concession to passengers who ordinarily travel 1st class, as it is an attempt to induce firms to give their representatives first class travelling facilities where ordinarily they will be given only second. The ordinary 2nd class fare for distances upto 300 miles over this Railway is 12 pies per mile. These Coupon tickets are issued at a rate which is equivalent to 15 pies and is therefore only 25% higher than the ordinary 2nd class fare. When making the arrangement it was hoped by this Railway that it would tend to the greater use

of 1st class accommodation, and I am happy to be able to state that in actual practice this has proved to be the case.

No. Rc. 1101 dated 13th April 1926,

From G. I. P. Railway, to Chamber.

With reference to your letter No. T. 797 of 29th March 1926 I beg to inform you that the issue of first class mileage tickets to mercantile firms has been introduced as an experimenfal measure and until we have seen the results of the same I regret I cannot agree to introduce books of second class mileage tickets.

No. T 1000 24th April 1926.

From Chamber to Railway Board, Railway Department Government of India, Simla.

The Madras & Southern Mahratta Railway and the Great Indian Peninsula Railway recently issued a circular announcing that with effect from 1st April 1926 first class tickets at reduced fare would be issued by them to representatives of mercantile firms for journeys totalling 3000 miles performed on business of the firms within six months for the date of issue on production of a certificate signed by the proprietor or managing director or senior partner or manager of firm. My Committee wrote to both these Railways a suggestion that a similar concession should be announced by them with regard to commercial travellers who travel second class, because they feel that this concession for first class will not be of much use to Indian businessmen, many of whom cannot afford even at the concession rate announced by these Railways sending out their salesmen, or employees by fist class. The M. & S. M. Railway has not unfortunately seen its way to accepting this suggestion and written to my Committee stating that the intention underlying the arrangement is not so much to afford a concession to passengers who ordinarily travel first class, as it is an attempt to induce firms to give their representatives first class travelling facilities where ordinarily they will be given second class. The reason advanced by this Railway

Company for refusing to accept the suggestion of my Committee does not appear to be very cogent. My Committee hops that the Railway Board will persuade the M. & S. M. Railway to adopt the suggestion of my Committee and extend the concession to second class commercial travellers, as otherwise concession given to first class commercial travellers alone would be invidious and would be looked upon as only meant to favour European commercial men who usually travel first class.

The G. I. P. Railway has also declined to accept the suggestion of my Committee. My Committee have instructed their representative on its Advisory Committee to take up the matter there and in case of his efforts proving unsuccessful, they will approach the Railway Board as they feel that unless this concession is extended to second class it will cause serious grievance in the Indian commercial community.

No. 17-T. Dated Simla, the 31st of May 1926.

From Government of India Railway Department to Chamber.

In continuation of this office letter No. 17-T., dated the 8th May 1926, I am directed to inform you that concessions of this nature are primarily matters for the Agents of the Railways concerned, but on a reference to them they have explained as follows :—

The concession was not in any way introduced with a view to giving a preference to European commercial staff. It was purely a commercial proposition aiming at the encouragement of 1st class travel.

Second Class carriages are already filling better than first class carriages, and in comparison with the accommodation supplied second class fares (usually half of first class fares) are low as compared with first class charges.

Further, Indian firms are taking advantage of the concession, the grant of which was purely on an experimental measure and that therefore it is not considered advisable to extend it until some experience had been gained in the matter.

APPENDIX 93.

PROPOSED ESTABLISHMENT OF AN ALL INDIA ACCOUNTANCY BOARD.

No.-T-101 11th January 1926.

From Chamber to the Government of India Department of India Delhi.

The attention of the Committee of this Chamber has been drawn to the correspondence which is going on between the Government and some Local Governments on the subject of the proposals of the Government of Bombay for the revision of rules regulating the award of the Government Diploma in Accountancy of the Sydenham College of Commerce and Economics at Bombay. It appears that several Chambers of Commerce have been consulted twice or more than twice on this subject. My Committee deeply regret that they have not been addressed even once with regard to such important questions as will affect the future of the profession of Auditors and Accountants in this country as also the system of commercial education which is imparted at present. My Committee may claim that this Chamber is one of the pioneers of commercial education in this country and it was to a large extent at their initiative that the question of commercial education was placed on a sound and systematic footing in this Presidency and a Commercial Degree was recognised by the University of Bombay. My Committee will be much obliged if you will be kind enough to let them know the reasons which have led the Government of India to ignore them entirely with regard to this question and hope that they will now be afforded an opportunity of expressing their views on the same.

No. 131 T (2). Delhi, the 25th March 1926.

From Government of India Department of Commerce to Chamber.

I regret that your letter No. T-101, dated the 18th January 1926, has until now, remained unanswered. I explained the matter to the Hon'ble Mr. Sethna, your recent President. The fact is that the Government of India had not asked or suggested that Chambers of Commerce should be consulted or doubtless you would have been. In fact their enquiry was in a very preferatory stage and not ready for circulation.

No. T-854 dated the 7th April 1926.

From Chamber to the Government of India Department of Commerce, Simla.

I am directed to acknowledge receipt, of your letter of 25th March 1926, No. 131-T (2). My Committee note that the Government of India have not asked or suggested that Chambers of Commerce should be consulted. They, however regret that this was not done as in a question like that of the Accountancy Board their suggestions would have been of importance. They now hope that all the important commercial bodies will be consulted with regard to any conclusions at which the above Conference may have arrived and the constitution that might have been proposed for such Board, before any steps are taken on them.

APPENDIX 94.

PROPOSAL TO MAKE BOILERS, SMOKE NUISANCES AND FACTORIES A TRANSFERRED SUBJECT.

No. T-951 dated the 19th April 1926.

From Chamber to the Government of Bombay General Department, Bombay.

I am directed by the Committee of this Chamber to address you in connection with a few subjects like boilers, smoke nuisances,

factories, &c., which are at present reserved subjects but which, in the opinion of my Committee, should now be made "transferred". The subject of Industries proper is as such a transferred subject in all the Provinces so far as the information of my Committee goes, but it is an anomaly that the aforementioned subjects are still regarded as reserved. My Committee apprehend that this is a legacy from that unfortunate despatch of Government of India dated 16th April 1919, No. 3, Home Department addressed to the Secretary of State for India when they opposed the suggestion of the Southborough Committee regarding Industries being made a transferred subject, which suggestion was strongly supported by Sir Sankaran Nair, a Member of the Government of India. Though ultimately Industries was made a transferred subject, all such subjects as are mentioned above were deliberately taken away from that subject and treated as reserved, due possibly to the anxiety of the Government to continue to keep control over factories and perhaps also their fear that the future of all these services in which Europeans were mainly engaged might be jeopardised if they were placed in charge of Ministers. It is a glaring anomaly in the present administrative system and should be removed at the earliest opportunity. Even the Majority Report of the Muddiman Committee, though it was halting with regard to its suggestions and recommendations, recommended that "boilers, gas and housing should be transferred." It is to be regretted that the majority could not take a more bold and comprehensive view of the situation and did not recommend all the subjects included under Industries which are not now transferred being made transferred subjects. There is no cause for apprehension that transfer of these subjects to the charge of Ministers will in any way interfere with efficiency or development. The administration of some subjects treated as "reserved", notably the Development Department of Bombay, does not afford any guarantee that there is more of administrative efficiency with regard to reserved subjects than with regard to transferred subjects. Dr. R. P. Paranjapye, who had himself experience for some time of a Minister of Industries speaking recently in the Bombay Council, observed that the Industries Department and the Factories and Boilers Department might be joined together and

be then made a transferred subject. In fact such an arrangement would rather mean administrative efficiency than otherwise as the present dual control on the Department of Industries has not worked satisfactorily.

My Committee beg to urge in view of all these circumstances that the Government of Bombay will be pleased to arrange for subjects mentioned above being declared as transferred subject.

No. 6315-D, Bombay Castle, dated the 27th May, 1926.

From the Government of Bombay General Department to Chamber.

With reference to your letter No. 951, dated the 19th April 1926 and subsequent reminder, on the above subject, I am directed by the Governor in Council to state that the question is under consideration and discussion with the Government of India.

APPENDIX 95.

FORWARDING OF IMPORTANT RESOLUTIONS AND COMMUNIQUES OF THE GOVERNMENT OF INDIA AFFECTING TRADE, COMMERCE AND INDUSTRY TO THE LOCAL COMMERCIAL BODIES FOR THEIR INFORMATION AND OPINION.

No. T-1354 dated 25th June, 1926.

From Chamber to the Government of Bombay General Department Bombay.

The attention of the Committee of this Chamber has been drawn more than once to the fact that the Government of Bombay generally do not forward to local commercial bodies important resolutions and communiques of the Government of India affecting trade, industry and commerce of the country for their information and opinion.

They have particularly in mind resolution of the Government of India re: (1) reduction of Stamp duty on cheques, and (2) amendments in the Indian Succession Act and the Indian Medical Bill and a case of even greater importance has been just brought to their notice. My Committee approached the Government of India in the matter of duties charged on materials used in Indian industries and they were informed by the Government of India that so far back as March 1925, a very important resolution regarding the duties on raw materials used in indigenous industries was published by them and forwarded to all Local Governments and administrations for their opinion.

As that resolution raised the most important issues for indigenous industries, my Committee submit that this was pre-eminently a case where the views of commercial bodies ought to have been invited but my Committee very much regret to find that this has not been done.

My Committee would, therefore, urge that all such important matters relating to trade, industry and commerce should henceforward be forwarded to the different commercial bodies for their opinion and that general order should be issued to that effect, and they trust that their suggestion will receive the careful and sympathetic attention of Government.

No. 2894-D. Bombay Castle dated 30th September 1226.

From the Government of Bombay General Department to Chamber.

I am directed by the Government of Bombay to invite a reference to your letter No. T.-1354, dated the 25th June 1926, in which you complain that important resolutions and communiques of the Government of India affecting trade, industry and commerce are not forwarded to the local commercial bodies for their information and desire the issue of general orders to the effect that all such communications should henceforward be forwarded to the different commercial bodies for their opinion.

2. In reply I am to state that as a rule important communications of the Government of India are published in the Gazette of India as well as in the local Gazette and it is for the bodies concerned to express their opinion and forward the same to the authorities, if they so desire.

3. With regard to the specific instance mentioned in paragraph 2 of your letter I am to say that the Resolution of the Government of India regarding the levy of duties on raw materials was published in the Gazette of India and also republished in the local Gazette. In paragraph 2 of the resolution the Government of India invited the firms and persons interested in the enquiry to address their representations direct to the Secretary of the Tarrif Board. I am to state that in such cases the Government of Bombay are unable to agree that further action is necessary. As regards the Resolution of the Government of India on the reduction of stamp duty on cheques, I am to invite your attention to Finance Department letter No. 4703A, dated the 5th May 1926 and to the reply received from your Chamber no. T. 1224, dated the 3rd June 1926.

4. With reference to your request for issue of general orders I am directed to observe that it has been the practice in the Secretariat Departments concerned to consult the Indian Merchants' Chamber along with other mercantile bodies in matters in which the Indian Commercial community is concerned and to say that this will be continued.

APPENDIX 96.

NEW DRAWBACK PROCEDURE PROPOSED BY THE COLLECTOR OF CUSTOMS BOMBAY.

No. 2404 of 1926, Bombay 19th June 1926.

From The Collector of Customs, Bombay to Chamber.

I have the honour to forward herewith a copy of the Notice I am issuing in regard to the change in drawback procedure. It has been

pointed out by the Government of India that the present procedure is not in accordance with the Sea Customs Act, and that goods must be identified completely before shipment. Cases have arisen in the past where the shipper has shipped his goods on the understanding that drawback would be granted and his claim has been subsequently disallowed. I am of opinion that the new procedure will enable claims for drawback to be disposed of with far greater expedition than they are at present.

NOTICE.

It has been decided that on and after 15th July 1926 no goods will be examined for shipment under claim for drawback until the original bill of entry on which duty has been paid on them has been traced and is in the hands of the Examining Appraiser. For this purpose it will be necessary for intending shippers to file their shipping bills and duty bills with the Drawback Department at least 8 days before they intend to ship the goods. Each copy of the shipping bill should bear the Cash number and date of the bill of entry. The original bill of entry will then be traced in the Custom House and sent together with the shipping bill and duty bill to the Head Examiner, Alexandra Dock, or to the Appraiser in charge Prince's Dock, for examination of the goods and investigation of the claim. 2. Considerable delay now takes place in settling claims for drawback owing to the fact that shippers file their drawback bills long after the exporting vessel has sailed. Under the new procedure claims should be dealt with much more expeditiously in the Custom House and shippers are requested to submit them as soon as possible after shipment.

NEW CUSTOM HOUSE, (Sd.) W. W. NIND.
Bombay, 19th June 1926. COLLECTOR OF CUSTOMS.

No. T.475. 14th July 1926.

From Chamber to the Collector of Customs BOMBAY.

With reference to your letter dated 19th June 1926, No. R. S. R. 2404, I am instructed by my Committee to say that they consider

that the new procedure will hamper trade and will create unnecessary hardships to dealers interested in the reshipment trade. According to the new procedure the shipping bills and the duty bills would have to be filed with the Drawback Department at least 8 days before the date of shipment. This is impossible in most cases because orders from out ports come for immediate shipment and have to be carried out by any steamer that may be available in the next day or two; otherwise such orders are frequently cancelled because fluctuations in prices make them unprofitable for the ordering client. This will entail a considerable loss of interest. My Committee, therefore, consider that this rule will not only prevent the fructification of a large amount of such business but entail unnecessary losses on merchants and they do not see anything that justifies the infliction of such hardship and loss on those interested in trade.

A point is made in your Notice that shippers file their drawback bills long after the exporting vessel has sailed and this results in considerable delay in the settling of claims. My Committee beg to point out that they have received no complaints on the score of so-called delays in the matter of getting drawbacks and understand that of recent years such delays are very rare because owing to present very high Tariffs, the amounts of drawbacks are large and merchants are careful to get them in as quickly as possible. Even if there is such a delay sometimes, the remedy for this, in the opinion of my Committee, is to place a reasonable limit on the number of days after the sailing of the steamer for the filing of such claims, so that no claims would be admissible that were not filed within, say, fifteen days of the departure of the steamer. Your Notice would make out that the new procedure by expediting the settlement of claims is to the advantage of dealers. My Committee do not agree with this view as they are sure dealers will prefer to put up with delays in the settlement of some of their claims rather than suffer an entire loss of their present re-shipment business, which the new procedure is likely to lead to. My Committee, therefore, trust that you will be good enough to reconsider the position and allow the procedure heretofore in force to obtain for the future also.

R. S. R. No. 2404 of 1926, Bombay, 20th July 1926.

From Collector of Customs to Chamber.

With reference to your letter cited above, I have the honour to state that the old drawback procedure followed at this Custom House was not in accordance with the Sea Customs Act in as much as the claims to receive drawback were not made and established at the time of reexport as required by section 51 of the Act. Further, under Section 42, goods can be permitted to be reexported under claim for drawback only if they are identified and the date of importation is verified from the records of the Custom House. The new procedure has therefore been introduced at the instance of the Government of India. It is also in force at the other ports. It is hoped that experience will prove that the full 8 days will not be required for tracing the original Bill of Entry and examination of the goods for identification, but until the new procedure has been in force for some time, I do not see my way to guarantee a shorter period. Arrangements are being made to ensure that the Bills of Entry will be easily obtained.

2. I am taking the opportunity of the slackest period of the year to introduce the new system, so as to entail as little hardship as possible on the shippers concerned.

No. T-1553, dated 29th July 1926.

From Chamber to the Government of India, Finance Department, Simla.

I am directed by the Committee of this Chamber to forward to you herewith copies *of correspondence that has passed between them and the Collector of Customs, Bombay, regarding the change in Drawback Procedure.

2. My Committee understand that the Government of India think that the present procedure is not in accordance with the Sea Customs Act and that goods must be indentified completely before shipment.

---

*Printed above.

It will be seen from the letter addressed by my Committee to the Collector of Customs that the new procedure will hamper trade and will create unnecessary hardships to dealers interested in the re-shipment trade. My Committee further understand that the old procedure has led to a smooth and satisfactory working of re-export trade under drawback until now. The Collector of Customs informs my Committee that he is taking the opportunity of the slackest period of the year to introduce the new system so as to entail as little hardship as possible on the shippers concerned.

3. My Committee beg to place it on record that the time selected by the Collector of Customs to introduce the new procedure is not *the slackest period* as far as one of the big trades of Bombay viz. sugar trade, is concerned, but on the contrary it is the very active period of the year.

4. My Committee respectfully submit that no case is made out for the new procedure by which dealers will be compelled to forego business for immediate shipment and would be in any case put to an unnecessary loss of interest for 8 to 10 days by having to buy and pay for goods so many days before the date of sailing of a steamer and they cannot see any justification for inflicting such hardship on merchants as there is no loss to revenues and the only advantage claimed that it will speed up settlement of claims. My Committee would beg to point out that in these days of 15 and 30 percent duties, the drawbacks also amount to large sums and if there is any delay it is the dealers themselves that suffer by being kept out of their moneys. Therefore in recent years the cases of delay are few and far between and if there was any grievance it is the dealers that would have asked for the new procedure, while as a matter of fact the dealers most bitterly complain that their re-shipment trade will most seriously suffer and are quite content to go on with the old procedure.

5. In view of all this, my Committee earnestly request the Government not to insist on introduction of a new procedure and to be good enough to issue necessary instructions to the Bombay Customs authorities.

No, 1190-Cus-25, Simla, the 20th August 1926.

From Government of India, Finance Department (Central Revenues) to Chamber.

With reference to the communication quoted above, I am directed to say that the Government of India have called for a report from the Collector of Customs, Bombay whose views are awaited,

---

R. S. R. No, 2404 of 1926, Bombay, dated 1st September 1926.

From Collector of Customs, Bombay to Chamber.

I have the honour to refer to the correpondence ending with my letter cited above and to inform you that I propose to modify the the drawback procedure mentioned in my notice of the 19th June in the light of the experience gained during the period in which the procedure has been in force. – Although in my original notice I stated that the shipping bills must be filed at least eight days before the intending shipper proposes to ship his goods under claim for drawback, in view of various representations which I received before the procedure was put into force I gave instructions to my office that an attempt should be made to trace the original bills of entry in the case of every application to ship goods under claim for drawback irrespective of the fact as to whether it was filed within eight days before the proposed date of shipment or not. Experience has shown that in the large majority of cases such notice has not been given and in consequence the Drawback Department of my office has had to work under very considerably high pressure which I am unable to maintain particularly in view of the increased shipments under claim for drawback which normally take place when the monsoon is over. I propose accordingly to cut down the period of notice from eight days to four and to offer an alternative procedure should merchants find that they cannot give notice even to this extent. In such a case an intending shipper should make an application to the Drawback Department asking that his goods might be examined pending the tracing of the original bill of entry, and adding to this application a statement in some such words as the following: —

"I understand that before the claim is admitted particulars of the consignment as ascertained at time of shipment will be compared with the original bill of entry and must agree with the particulars entered thereon."

This alternative procedure would in effect be similar to the old procedure formerly in vogue with one important exception, viz. that the Examining Appraiser's report together with the triplicate bill of entry and the connected invoices will be sent before shipment of the goods to the Assistant Collector in charge of the Drawback Department for him to admit the claim provisionally. It is absolutely necessary that he should investigate the claim before the goods are actually shipped.

2. I should be glad if your Committee will favour me at an early date with their opinion on the procedure sketched above. I have suggested this procedure to the Central Board of Revenue and its adoption, even if approved by your Committee, will depend upon sanction of that Board.

C. No. 1190-2-Cus-25, Simla the 9th September 1926.

From Central Board of Revenue to Chamber.

In reply to your letter quoted above, I am directed to say that it is true that the Collector of Customs Bombay was instructed to revise his drawback procedure on the ground that it was not in accordance with the law. This is not regarded as a merely technical point. The old procedure was essentially defective in that it postponed the taking of the orders of the responsible Customs Collector till after the goods had been shipped, so that that officer was not in a position to have the examining officer's report verified, if necessary. Moreover, the postponing of a decision on the question of identification till after the goods were shipped put the shippers at a great disadvantage in the event of the final decision being adverse; in such an event, a shipper might have preferred to refrain from shipping the goods if he had known in time that he could not sell them at a price based on the calculation that drawback would be obtained.

2. The Central Board of Revenue understands that the principal difficulty now felt is in connection with the tracing of the original bill of entry. It has authorised the Collector of Customs, Bombay, to discuss with you and other similar Associations a modified procedure which will meet this difficulty and still retain the essential point that the Customs Collector's orders as to identification must be obtained (at least provisionally) before the goods are shipped.

No. T-2040, dated 12th October 1926.

From Chamber to Collector of Customs, Bombay.

With reference to your letter of the 1st September 1926, No. 2404, and your subsequent reminder of the 6th October 1926 of the same number, my Committee wish that you had thought it fit to revert to the old procedure. As it is not possible, however, my Committee have no objection to the alternative proposed by you being adopted for the present. They will watch how the new procedure works and write to you if any necessity arises.

R. S. R. No. 2404 of 1926, dated Bombay 23rd May 1927

From Collector of Customs, Bombay to Chamber.

I have the honour to state that the Central Board of Revenue has been pleased to authorise me to revert to the old procedure in force prior to 15th July 1926 for shipment of goods under claim for drawback of duty. I enclose a copy of my notice dated 19th May 1927 on the subject, from which it will be observed that the reversion takes effect from 1st June 1927.

New Custom House,

Bombay, 19th May 1927.

NOTICE.

With effect from the 1st June 1927 it has been decided to revert to the old procedure in force prior to 15th July 1926 for

shipment of goods under claim for drawback of duty as outlined in paragraph 184 on pages 159-162 of the Bombay Sea Customs Manual, Edition 1926 (with the exception of the two N. Bs. to sub paragraphs (7) and (9) on pages 161 and 162 respectively.) Accordingly notices, dated 19th June 1926, 13th and 29th October 1926 regarding the changed Drawback procedure will be withdrawn. It will thus not be necessary on and after 1st June 1927 for intending shippers to give any prior notice of shipment such as was required by those notices, and drawback goods should be produced direct to the Examining Officers for examination and identification before shipment under Shipping Bill in duplicate in the prescribed form, together with the Duty Bill and invoices, if any, as was the case under the old procedure.

2, To avoid delay in the disposal of drawback claims shippers are requested to file Drawback Bills in the prescribed form soon after the departure of the exporting vessel, and to show on the reverse thereof for facility of reference to the original bill of entry :—

(a) In the case of goods cleared on payment of duty directly on importation ;

(i) The name of importing vessel.

(ii) The number and date of the Import General Manifest and

(iii) The Index number and date.

and

(b) In the case of goods cleared Ex-bond, the No. and date of the bond.

A. M. GREEN,

Collector of Customs.

Copy to :—

.....

.....

.....

APPENDIX 97.

CHAMBER'S REPRESENTATIVES ON THE INTERNATIONAL CONGRESS RE: BRIBERY AND ITS PREVENTION.

INTERNATIONAL CONGRESS
ON
BRIBERY AND ITS PREVENTION.

London ; dated June 8th and 9th, 1926.

22, Buckingham Gate,

London, S. W. I.

February, 1926.

From Hon. Secretary, to Chamber.

I enclose a preliminary notice of a Congress, at which it is hoped your organization may be officially represented. In due course I shall forward further particulars, but in the meantime I shall be glad to send more copies of the circular if you think they could be used advantageously.

An early reply from you would greatly facilitate the work of making the necessary arrangements.

No. T.-1623 dated the 10th March 1926.

From Chamber to Hon. Secretary International Congress on Bribery and Its Prevention, 22, Buckingham Gate, London, S. W. 1.

I am directed by the Committee of this Chamber to acknowledge receipt of your letter dated February 1926 with its circular and

Not Printed Vide file No. 1 of 1926.

inform you that they have nominated the Honourable Mr. Phiroze C. Sethna, O. B. E, and Sir Purshotamdas Thakurdas, Kt., C. I. E., M.L.A., as their representatives on the Congress.

They are expected to be in London during the time when the Congress is to be held and I have to request you to kindly put yourself in communication with them directly.

No. T.-624 & 625 dated the 10th March, 1926.

From Chamber to Sir Purshotamdas Thakurdas, Kt., London and Hon. Mr. P. C. Sethna, Bombay.

At the meeting of the Committee held yesterday, you were nominated to represent this Chamber at the forthcoming International Congress on Bribery and its prevention to be held in London on the 8th and and 9th June, 1926.

The Session will be devoted to the reading of papers or epitomes thereof on the prevelance of Bribery in various countries; its effect on international commerce and the best means of preventing bribery internationally; to be followed by discussion. A detailed programme of the Congress can be had of Mr. R. M. Lonard, Hon. Secretary, Offices of the Bribery and Secret Commission Prevention Lague (Inc), 22, Buckingham Gate London, S. W. I.

29th March 1926.

From Hon-Secretary, Congress to Chamber.

I am much obliged to you for your letter in which you state that the Indian Merchants' Chamber has nominated two representatives to attend the International Congress in June.

I shall communicate at once with Sir Purshotamdas Thakurdas, and with the Honble. Mr. Phiroze C. Sethna as soon as you kindly send me his London address.

No. T.-935 dated the 16th April, 1926.

From Chamber to the Secretary Bribery and Secret Commissions Prevention League, Inc., 22, Buckingham Gate, London S. W. I.

With reference to your letter dated the 29th March 1926, I give below the address of the Hon'ble Mr. Phiroze C. Sethna, as desired by you:—

"C/o. The National Liberal Club,
Whitehall Place, London
S. W. I."

APPENDIX 98.

REDUCTION OF TELEPHONE CHARGES BY GOVERNMENT OF INDIA TO HALF BETWEEN 9. P. M. AND 8 A. M.

No. T-1253 9th June 1926.

From Chamber to the Government of India Department of Industries and Labour, Simla.

The Committee of this Chamber are given to understand that the Ahmedabad Millowners' Association have sent a telegram to Government re: reduction of telephone charges to half between 9 p.m. to 8 a. m. for one year and recommended that the period be fixed from 8 p. m. to 8 a. m. instead of 9. p. m. to 8 a. m.

I am directed by my Committee to state that they are completely in favour of the change suggested in the period and beg to support the said proposal.

No. 26-T.

Government of India

DEPARTMENT OF INDUSTRIES AND LABOUR.

Posts and Telegraphs Branch.

No. 26 T. dated Simla, 24th June 1926.

From

The Hon'ble Mr. A.H. Ley, C.S.I., C.I.E., C.B.E., I.C.S.,

Secretary to the Government of India.

To

The President, Millowners' Association, Ahmedabad

The Secretary, The Indian Merchants' Chamber,

3, Home Street, Fort, Bombay.

Subject :—Change in the hours during which half rates are charged for trunk telephone service.

Sir,

I am directed to acknowledge the receipt of your telegram dated the 4th June 1926, letter No. 1253, dated the 9th June 1926, requesting that the hours during which half rates are charged for conversations over the trunk telephone lines may be altered from 9 P.M. 8 A.M. to 8 P.M. 8 A.M.

2. I am to say that the hours during which half rates are chargeable were only recently fixed after careful consideration of all the factors involved and the Government of India therefore regret they are unable to accede to your request.

I have the honour to be,

Sir,

Your most obedient servant,

A. H. LEY,

Secretary to the Government of India.

APPENDIX 99.

SECONDARY COMMERCIAL EDUCATION IN THE BOMBAY PRESIDENCY (VIDE CHAMBER'S REPORT FOR 1925 PP. 654-659).

No. 318-A. Poona, dated the 1st April, 1926.

From Director of Public Instruction to Chamber.

In reply to your letter No. T.-753 dated the 17th June, 1925, I have the honour to state that I have very carefully considered both the suggestions made by your Chamber, viz, the inclusion of Indian Book keeping as one of the subjects for the Government Commercial and Clerical Certificate Examination and the recognition of the vernacular as the medium of instruction and examination in certain subjects. From the enquiries made by me I am led to understand that there is no difference of any great importance between the principles of Indian Book-keeping and those of English Book-keeping. The chief difference would appear to lie in the shape and size of the Account Books, in the fact that the sides of the Ledger are reversed, in the use of Indian Commercial terms, and in the fact that Indian Accounts are usually written in greater detail. These differences do not appear to be such as to warrant Indian Book-keeping being made an alternative subject to "Accountancy, i. e. more advanced Book-keeping" in the list of optional subjects prescribed for the Government Commercial and Clerical Certificate Examination.

I may add that this view is supported by the opinion of several Indian practising Incorporated Accountants who have been consulted.

2. I can, however, assure you that the desire of your Committee to secure that candidates who appear for the examination are acquainted with the distinguishing features of "Deshi Nama" is fully appreciated. This object will, it is thought, be met if the

following words are added to the optional subject "Accountancy i. e. more advanced Book-keeping";—

> "(Including knowledge of the important distinguishing features of "Deshi Nama")."

It does not seem necessary to add the same words after the "Elements of Book-keeping," which is one of the compulsory subjects prescribed for the examination, as only those who wish to become book-keepers are required to know the distinguishing features of "Deshi Nama", and it may be expected that these will invariably take 'Accountancy i. e. more advanced Book-keeping' as one of the two optional subjects for the examination.

3. With regard to the suggestion that the vernacular should be prescribed as the medium for the examination in certain subjects,

> it is understood there is little or no literature in the vernaculars in the case of most of the subjects; in particular, certain technical terms have no equivalents in the vernaculars. Furthermore, it would be difficult to find qualified teachers to teach some of the subjects in the vernacular.

In view of these difficulties I trust that your Chamber will accept the view that for the present it is not desireable that an option should be given of answering the question papers in certain subjects in the vernacular. If at a later date the difficulties to which I have referred are removed or lessened, and if, after further expeperience, the measure in question is still considered to be desirable, the matter, I suggest, may then be reconsidered.

4. I forward for the information of your Chamber a copy of the Press Note that Government have recently issued on the subject of Secondary Commercial Education.

5. I trust that I have given in this letter information on all the points raised by your Chamber. But I shall be glad to supply you with any further information regarding the Government Commercial and Clerical Certificate Examination which the Chamber may require.

P. 55, dated the 15th February 1926.

With the complements of the Director of Information, Bombay.

By starting the first College of Commerce in this country the Government of Bombay have placed at the disposal of the industries and commerce of the Presidency a regular supply of young men who, after receiving sufficient practical training, can hold responsible appointments in business houses. The number of young men, however, who can afford the expense and strain of a commercial education of University standard is small, and there is a large number of students who after receiving a good general and useful education up to 16 to 18 years of age wish to take up service in a commercial or Government office. It is in the interests not only of these individuals but of the industrial and commercial progress of the country that adequate provision should be made for Commercial education of a more elementary character than that provided for by the University course. The educational facilities at present open to such youths are as a rule not of a satisfactory character. Most of the institutions which have hitherto given instruction in Commercial subjects are of an unsatisfactory character, and are in respect of staff, equipment, and accommodation ill adapted to the end for which they exist.

It would appear that the present unsatisfactory situation is largely due to the absence of a suitable objective in the shape of an examination for which Commercial institutions may prepare. The need for the establishment of a Secondary Commercial examination based on the conditions existing in this Presidency has been represented to Government. Government have therefore decided to institute a Commercial and Clerical Certificate Examination. For this examination the following subjects will be compulsory.

1. English—Including Precis writing and Commercial Correspondence.

2. Commercial Arithmetic—Chiefly of a practical nature.

3. Elementary Book-keeping.

4. Commercial Geography.

In addition there will be two optional subjects, selected from (1) Shorthand, (2) Type-writing, (3) Office Management, Filing, etc., (4) Accountancy, that is, more advanced book-keeping, (5) Administration, i.e, relations of Government with local bodies, (6) Indian Banking (Elementary), and such other subjects as may hereafter be thought necessary.

It is proposed to hold the examination in April, the first examination being held in 1927.

No candidate will be admitted to the examination unless he has, during the previous academic year, been a regular student of an institution recognised for the purpose of this examination. Applications for recognition for the purposes of the examination should be addressed to the Director of Public Instruction and submitted through the Inspector of Commercial Schools, C/O the Principal, Sydenham College of Commerce and Economics, Bombay. A detailed syllabus of the examination will be published at a later date.

No. T-1008 dated the 26th April 1926.

From Chamber to the Director Public Instruction, Poona.

I am directed to acknowledge receipt of your letter No. 318-A, dated 1st April 1926, and tender to you thanks of my Committee for sending all the detailed information to them with regard to the new scheme of the Government Commercial and Clerical Certificate Examinations. My Committee are sorry that they still remain unconvinced as to the reasons of the Government for not accepting their suggestions in two directions; *viz*, (1) the inclusion of Indian Book-keeping as one of the subjects for the examination, and (2) the recognition of the vernaculars as the medium of instruction and examinations in certain subjects. My Committee cannot agree that there is practically no difference between principles of Indian Book-keeping and those of English Book-keeping excepting in the shape and size of the account books, because in Indian Book-keeping there

are certain important differences in the way in which entries are treated. Indian Book-keeping is, in the opinion of my Committee a thing in itself and the reason why my Committee insist on its inclusion in the curriculum of the new examinations is that it will enable the large number of Indian firms carrying on their business in the orthodox Indian fashion to get trained men for their work. If the the position is as you claim viz. that there is no important difference between two systems then it is a powerful argument in favour of retaining Indian book-keeping in the curriculum as it cannot then be said to add to the burden of the students. It is also with a view to serve the needs of this large section of the business community that my Committee have coupled with this suggestion their other suggestion of recgnising the Vernaculars as the medium of instruction and examinations in certain subjects. The Government cannot be unawere of the fact that the Vernacular is now recognised as one of the principal subjects for the School Leaving examination and even for the B, A. and M, A, Examinations. That "there is little or no literature in the Vernacular in the case of most of the subjects and that in particular certain technical terms have no equivalents in the vernaculars" cannot be accepted as a valid argument for the non-recognition of the vernaculars as the medium of instruction and examination, It is a vicious circle in which the arguments of the Educational Department have gone on for all this time. When asked to introduce the vernacular as the medium of instruction and examination the reply is that there are no suitable books forthcoming. On the other hand there cannot be any suitate books forth coming as long as preference is not given to the vernacular. Not only this but my Committee cannot accept the standpoint that there are no suitable books. If proper enquiries are made it will be found that there are some books and these books will be supplemented by others as soon as it is known that the vernacular is recognised as the medium of instuction and examination for Commercial examinations. Then again Government should not overlook the fact that the bulk of the trade of country is carried on by merchants who do not know English at all and must perforce keep their own accounts and correspondence in the vernacular. There are already ample facilities for the small number of English trained men that will be needed by the firms in the ports

and a few big towns in the interior. What is wanted is to create a class that will supply the needs of the vast internal trade of the country and in view of this my Committee cannot accept the view that for the present it is not desirable that an opportunity should be given of answering the question papers in certain subjects in the vernaculers. My Committee are afraid that unless the suggestion made by them are accepted the examinations proposed by Government will not meet the needs of the situation and the necessity of a separate Commercial Examination on these lines will still remain. My Committee will be glad to co-operate with the Government and make the proposed examination successful provided their suggestions are accepted and trust Government will still see their way to do so.

APPENDIX 100.

PROPOSED CHANGE IN THE COURT HOURS OF THE BOMBAY HIGH COURT.

No. 518 of 1926, dated Bombay the 13th July 1926.

From Acting Prothonotary and Registrar, O. J., H. M.'s High Court, Bombay to Chamber.

I am directed by the Honourable the Chief Justice and Judges to state that proposals are under consideration for a slight modification of the existing Court hours of 11-30 to 2-30 and 3-30 to 5-30. Accordingly if your Chamber would like to express any views on the matter their Lordships would be glad to know whether your Chamber would prefer the Court hours (*a*) to remain as at present; or (*b*) to be from 11 to 2 and 3 to 5 as formerly; or (*c*) to be from 11-30 to 2-30 and 3 to 5. I am further requested to ask you to state in what order of preference your Chamber would place the above 3 proposals.

A reply not later than the 2nd August will be esteemed a convenience.

No. T-1548, dated 28th July 1926.

From Chamber to the Acting Prothonotary and Registrar, O. J., H. M.'s, High Court, Bombay.

I am directed, in reply to your letter of the 13th instant, No. 1518 of 1926, to communicate to you hereby the views of the Committee of this Chamber with regard to the proposals under consideration for a modification of the exising Court hours.

2. My Committee are strongly opposed to any modification of the existing hours for the working of the High Court, as the existing time has proved to be most suitable to the Indian businessmen. The Honourable the Chief Justice and Judges of the High Court cannot be unaware of the peculiar social habits of the Indian businessmen and their assistants, which renders it impossible for the latter to attend the High Court at any earlier hour than the one now in vogue. A large majority of Indian businessmen and their assistants have to attend their religious duties as well as household duties in the morning hours and their breakfast hours generally range between 10 and 11 a.m. This renders it impossible for them to stir out early in the morning. At the same time my Committee cannot approve of the alternative (c) referred to in your letter which will mean reduction of the recess hour from one hour to half an hour. A large proportion of the people who have to attend the High Court on one business or the other utilise this recess hour as it is intended to be in taking their noon-day tiffin and generally refreshing themselves. Half an hour will prove to be too short an interval and the alternative (c) also therefore is not suitable from the point of view of the Indian business community.

3. My Committee beg, therefore, to request the Honourable the Chief Justice and Judges of the High Court to continue the present timings of the High Court.

No. 622 of 1926, dated Bombay 6th August 1926.

From Acting Prothonotary and Registrar, O. J., H. M's High Court Bombay, to Chamber.

I am directed by the Honourable the Chief Justice and Judges to request you to convey to your Chamber their Lordships' appreciation for your letter No. T-1548, of the 28th July last and to state that after careful consideration their Lordships have decided to adopt the Court hours from 11-15 to 2-15 and 3 to 5, with effect from Tuesday the 31st August 1926.

APPENDIX 101.

POSTAL INSURANCE FACILITIES IN TANGANYKA TERRITORY.

No. T. 1482 14th July 1926.

From Chamber to The Postmaster General, Bombay Circle, Bombay.

The attention of my Committee is drawn to the absence of postal insurance facilities for parcels sent from this country to the Tanganayika territory. My Committee further understand that there are no private insurance companies to undertake to insure such parcels in mofussil places. Consequently merchants have no protection against the loss of their parcels. My Committee will be such obliged if you will kindly inform them as to which countries such postal insurance facilities are extended and the reasons for not extending the same to other countries.

No. F. G. 147. Dated Bombay the 16th July 1926.

From Deputy Post Master General Bombay to Chamber.

In acknowledging the receipt of your letter No. T. 1482 dated the 14th July 1926, I have the honour to say that it has been

transferred to the Director-General, Posts and Telegraphs, India, Calcutta, for disposal. Any further communication on the subject may kindly be addressed to the Director-General.

No. 411-E/26 dated Calcutta, 28th July 1926.

From Director General of Posts and Telegraphs to Chamber.

With reference to your letter No. T. 1482, dated the 14th July 1926, to the address of the Postmaster-General Bombay, I am directed to inform you that negotiations are in progress for the extension of the insured parcel service to the Tanganyika Territory. The information as to the countries to which insurance for parcels is or is not available may be had in the Foreign Post Directory included in the Post and Telegraph Guide. The reasons for not extending the insured parcel service to certain countries are that either the Post offices of those countries do not admit insurance or the services employed for the despatch of parcels to those countries are unable to undertake responsibility in the case of loss of or damage to insured parcels.

APPENDIX 102.

CURTAILMENT OF THE ANNUAL STATEMENT OF THE SEABORNE TRADE AND NAVIGATION OF THE BOMBAY PRESIDENCY.

No. 10554, Calcutta dated 19th November, 1926,

From Director General of Commercial Intelligence and Statistics to Chamber.

I have the honour to say that the following changes of importance have been proposed in the Annual Statements of the Seaborne Trade and Navigation of the Bombay Presidency issued by the Collector of Customs, Bombay :—

(1) *Foreign Trade* ;—Tables Nos. 18·1, 18·2 and 18·3 which deal with the foreign trade with each country in the principal articles should be omitted,

(2) *Shipping Tables* :—

(a) *Foreign Trade* :—Tables Nos. 2, 3, 6, 7, and 8 should be omitted.

(b) *Coasting Trade* :—It is proposed to drop Tables Nos. 11 & 12 and to substitute for them tables similar to Tables Nos. 4 & 5 under foreign trade i. e. showing nationality of vessels.

(3) The lists of articles and countries incorporated in each volume should be omitted.

The main reason for this proposal is that the cost of publications far exceeds the price at which they are sold to the public. These tables cover about one-third of the present volumes and their omission would effect a substantial economy in the printing charges and bring the cost of the volumes to a closer approximation with the price at which they are sold.

I should be obliged if you would favour me with the views of your Chamber in regard to these proposals.

An early reply will be much appreciated.

No. T.-2554, dated 23rd December, 1926.

From Chamber to Director General of Commercial Intelligence and Statistics, Calcutta.

With reference to your letter No. 10554, dated the 19th November 1926, I am directed by my Committee to inform you that they do not think the proposed changes in the abovementioned Statements advisable. It is necessary to look at the question of the publication of Statistics from a more comprehensive point of view than the question of economy in the printing charges, and the tables intended to be omitted are useful to the commercial community for their reference and guidance.

My Committee are, therefore, opposed to the proposed omission of the tables mentioned in your letter from the Annual Statements of Sea-borne Trade and Navigation of Bombay Presidency.

No. 617-O. Calcutta, dated the 20th January, 1927.

From Director General of Commercial Intelligence and Statistics to Chamber

With reference to the correspondence ending with your letter No. T.-2554 dated the 23rd December 1926 on the above subject, I have the honour to state that the proposal to omit the country tables No. 18-1, 18-2 and 18-3 from the Annual Statement of the Seaborne Trade and Navigation of the various maritime provinces was put forward not only with a view to economy but also in consideration of the following facts :-

(1) That the information given in tables Nos. 18-1, 18-2 and 18-3 is also available though in a different form from tables Nos. 16 and 17 of the same volume which exhibit in detail the trade in each article of the province with each principal country. The figures at present shown in tables Nos. 18-1, 18-2 and 18-3 can even after their abolition be obtained from the detailed tables Nos. 16 and 17.

(2) That statistics relating to the trade of *all India* with each country in the form of tables 18-1, 18-2 and 18-3 are available from Volume II of the Annual Statement of the Sea-borne Trade of British India issued by this Department. Separate specification of the trade of each maritime province with each country does not seem to be equally important.

(3) Regarding the omission of shipping tables Nos 2, 3, 6, 7, 8 and 9 relating foreign trade, I would observe that the reason for this proposal is that it is very doubtful whether these tables convey any useful information. On the other hand, they generally mislead the ordinary reader who is unaware that in the case of a vessel entering from several foreign ports, she is shown as entering from the first foreign port. Consequently both under entries and clearances, the trips may very likely be allocated to countries which are interested in a very small percentage

of the cargo. The important tables in this section are Nos. 1, 1 A, 4 and 5 and these would be retained.

For the same reason, it is proposed to drop tables Nos, 11 and 12 to substitute for them tables similar to Nos. 4 and 5 under foreign trade i. e. showing nationality of vessels.

I regret that these points were not fully explained in my earlier reference to enable your Chamber to formulate their views on the subject. I should be very much obliged if the Chamber would reconsider their views in the light of the facts above mentioned.

,, No. G.-232, dated the 9th February 1927.

From Chamber to Director General of Commercial Intelligence & Statistics, Calcutta.

With reference to your letter of the 20th January 1927, No. 617-Q, my Committee much appreciate the very detailed reasoning given in your letter under reference. After considering your letter they see no objection to your proposals being accepted.

APPENDIX 103.

PROPOSED OMISSION OF CERTAIN TABLES FROM THE MONTHLY SEA BORNE TRADE AND NAVIGATION ACCOUNTS OF BRITISH INDIA.

No. 6282.

No. 1, Council House Street,

Calcutta, dated 7th July 1926.

From Director-General of Commercial Intelligence and Statistics to Chamber.

I have the honour to say that a proposal has been made to omit in future from the Monthly Sea-borne Trade and Navigation Accounts

of British India the tables showing the increases and decreases of the principal articles of Imports and Exports (covering pages 16 to 23 of the accounts in the issue for May 1926.) The omission of these tables will also result in the curtailment of the Introductory Note on the Foreign Trade of British India prefixed to these accounts (pages v & vi). The reason for the proposed omission is that while the preparation of the tables takes considerable time, their value is doubtful since they merely show the figures of expansion or decrease in trade which are available in the main pages of the accounts. I should be obliged if you would kindly give me your Chamber's opinion on the proposal.

No. T-1469, dated 14th July 1926.

From Chamber the Director General of Commercial Intelligence and Statistics, Calcutta.

I am directed by my Committee to acknowledge receipt of your letter No. 6282, dated the 7th July 1926, and send their views on the above hereby :—

While my Committee see no objection to the proposed omission from the Monthly Sea-Borne Trade and Navigation Accounts of British India, they think that the table of this kind covering the whole 12 months and given in the March number of the Accounts would be useful and should, therefore, be continued.

APPENDIX 104.

REVISION OF THE LIST OF IMPORTED COTTON PIECEGOODS.

No. 8291 Calcutta, dated 8th July 1926.

From Director-General of Commercial Intelligence and Statistics to Chamber.

I write to invite a reference to the Resolution of the Government of India in the Finance Department (Central Revenues) No. R. Dis.

Dis.1273-Cus.-25 dated the 21st January, 1926, (copy attached), and to enquire whether you have any modifications to suggest in the list of cotton piecegoods appended to that Resolution.

If you have any additions to the list to propose, I should be obliged if samples and full particulars of the goods concerned could be forwarded with your reply.

It would be convenient if your proposals could reach me not later than the 15th November next.

R. Dis. 1273 Cus.—25.

GOVERNMENT OF INDIA,

FINANCE DEPARTMENT (CENTRAL REVENUES.)

Delhi the 21st January, 1926.

Resolution.

With reference to the Resolution of the Government of India in the Department of Commerce Nos. 5174 dated the 19th October 1922 and in supersession of the Resolution of the Government of India in the Finance Department (Central Revenues) No, 257, dated the 21st January 1925, the Government of India have decided to prescribe, the appended list of cotton piece-goods for purposes of assessment under item 103 of the Import Tariff Valuation Schedule.

Order.—Ordered that a copy of this Resolution, and its annexure, be forwarded to all the Collectors of Customs, for information and communication to the commercial associations.

Ordered also that a copy be forwarded to the Director-General of Commercial Intelligence and Statistics for publication in the "*Indian Trade Journal*".

Ordered also that a copy be forwarded to the Commerce Department.

(Sd.) V. S. SUNDARAM,

Under Secretary to the Government of India.

LIST OF COTTON PIECE-GOODS.

Aeroplane cloth (cotton).
Alhambras,
Angolas (cotton),
Apron cloth (cotton),
Batistes (cotton),
Beaverteens (cotton)
Billiard cloth (cotton) in rolls.
Blankets (cotton)
Book-binding cloth
Brilliants
Brocades (cotton)
Broche
Buckram (cotton)
Calicoes
Cambrics, plain, dyed or printed,
Cantoons
Canvas (cotton)
Canvas, French elastic (cotton)
Casement cloth (cotton)
Cashmeres (cotton)
Cellular cloth
Checks, spots and stripes
Chiffons (cotton)
Chinese dyed cloths.
Chintz, glazed or unglazed
Choonris
Chadars
Chadar-pattas
Coatings (cotton) including gabardines
Corduroy and corded cloth (cotton)
Cotton flakes
Counterpanes
Crapes (cotton)
Crash (cotton)
Crepons (cotton)
Cretonnes
Crimps (cotton)
Damask, cotton, table
Dawanies
Delaines (cotton)
Delametti
Denims
Dhotis
Diagonals (cotton)
Diapers (cotton)
Dimity
Domestics
Domettes (cotton)
Dosooti
Dupettas
Dorias
Dress, plain or printed (cotton)
Drills, plain, striped or checked
Duck
Dungari
Dusters (when joined by the warp),
Emroidered allovers
Emroidered flounces
Fents (cotton)
Filter cloth (cotton)
Finduras
Flannelette (cotton flannel)
Frieze cloth (cotton)
Galateas
Gambroons

Gauze (cotton)
Ghagras (cotton)
Ginghams (cotton)
Glass cloths (when joined by the warp) (cotton)
Grenadines (cotton).
Gumchas
Hair-cords
Handkerchiefs (in woven pieces)
Harvards
Holland and blind cloth (cotton)
Hollands
Italians (cotton)
Jaconets, plain or bordered.
Jeans, plain, dyed or printed
Lace curtain cloth
Lace stripes.
Lapets
Lastings
Lawns.
Lenos
Linenette (cotton)
Linings, plain, striped or mercerised.
Longcloths
Lungis
Lustres (cotton)
Madapollams
Madras cloth
Marcella
Matte shirtings
Matting (cotton)
Mattress cloth
Meltons (cloth)
Mercerised cloth
Merinos (cotton)
Merins
Mexicans
Moleskins (cotton)
Molleton cloth
Morias
Moreens (cotton)
Mulls, all kinds, plain or bordered.
Muslins (cotton), all kinds
Nainsooks
Net (cotton)
Nun's veiling (cotton)
Oatmeal cloth
Pagri cloth
Penelope canvas
Pillow calico, tubular
Piques
Plushette
Pompadour
Pongees (cotton)
Poplinette (cotton)
Prayer mats (cotton)
Printed crepella
Prints
Printers (plain and coloured)
Putsees
Quiltings (cotton)
Quilts
Radium cloth
Regattas
Rep cloth (cotton)
Rugs (cotton)
Sail cloth (cotton)
Saris
Sarongs

Sateens, plain, dyed or printed
Satinette
Satin stripes (cotton)
Scarves (cotton)
Serges (cotton)
Shawls (cotton)
Sheetings
Shirtings
Silecia
Silkette, plain or stripes
Spanish stripes (cotton)
Sponge cloth (cotton)
Suraline
Sussi cloth
Suitings (cotton)
Swansdown calico
Tambours
Tameins (unfinished)
Tanjibs
Tapestries (cotton)
Tarlatans
T cloths
Ticking mattress or blind (cotton)
Towels (cotton) in woven pieces and towel cloth including Terry cloth
Trouserings (cotton)
Tulle (cotton)
Turbans (cotton)
Turkey red cloth
Tussor cloth (cotton) and Tussorette.
Tweeds (cotton)
Twills (cotton), plain, dyed or printed.
Umbrella cloth (cotton)
Undershirt cloth (cotton)
Valencias
Velvets (cotton)
Velveteen (cotton)
Venetian cloth (cotton)
Venetian cloth (cotton)
Vestings or waist coatings (cotton).
Voiles (cotton)
Zephyrs

No. T.-1954 dated 29th September 1926,

From Chamber to the Director General of Commercial Intelligence and Statistics, Calcutta.

With reference to your letter of the 8th instant, No. 8291, I am directed to inform you that the Committee of this Chamber have no modifications to suggest in the list of Cotton piece-goods appended to the Government of India resolution referred therein.

APPENDIX 105.

REVISION OF THE LISTS OF ARTICLES SPECIFIED IN THE SEA-BORNE TRADE RETURNS OF BRITISH INDIA.

No. T.-1906 dated 21st September 1926.

From Chamber to the Director General of Commercial Intelligence and Statistics, Calcutta.

I am directed by my Committee to inform you that they support the suggestion of the Mysore Chamber of Commerce contained in their letter No. 149 dated 2nd September 1926 to you, regarding the desirability of showing the imports of Hydrogenated oils and fats separately in the Sea-borne Trade Returns of British India.

They urge that Hydrogenated oils should be shown separately but the classification should be under "Hydrogenated oils and vegetable fats".

No. 8822, Calcutta dated 27th September, 1926.

From Director General of Commercial Intelligence and Statistics to Chamber.

With reference to your letter No. T.-1906 dated the 21st September 1926 on the above subject, I write to say that the question of the specification of Hydrogenated oils and fats separately in the Indian Sea-borne trade returns will be considered during the next annual revision of the list of articles to be shown in the Sea-borne trade returns which will be made in 1927.

No. 10840 Q No. 1, Council House Street, Calcutta, dated the 27th November, 1926.

From Director-General of Commercial Intelligence and Statistics to Chamber.

I have the honour to state that the question of the annual revision of the lists of articles specified in the foreign Sea-borne trade

returns of British India is now under consideration in this Department. In this connection I shall be glad to receive your suggestions regarding any additional items which you consider essential for specification in the trade returns.

An early reply will be very much appreciated.

No. T.-2519 dated the 18th December 1926.

From Chamber to the Director-General of Commercial Intelligence and Statistics, Calcutta.

With reference to your letter No. 10840-Q, dated the 27th November 1926, regarding the above, I am directed to inform you that Hydrogenated oils and fat should be shown separately in the Sea-borne Trade returns of British India, but the classification of the same should be under "Hydrogenated oils and vegetable Fats."

APPENDIX 106.

APPOINTMENT OF THE DEPUTY CHAIRMAN OF THE BOMBAY PORT TRUST.

No. T. 2547, dated 23rd December 1926.

From Chamber to the Government of Bombay Marine Department, Bombay.

The Committee of my Chamber understand that the Trustees of the Port of Bombay at their meeting held on the 23rd November 1926 approved the proposal by a majority for the confirmation of Mr. Sharpe as Deputy Chairman on a salary of Rs. 2500 plus a personal pay of Rs. 250 per month with effect from the 24th March 1927, subject to the sanction of the Government under provisions of Sections 22 A (2) and 24 of the Bombay Port Trust Act, 1879. My Committee request the Government not to accord their sanction to the proposal mentioned above and beg to urge upon the Government

the consideration of the following grounds on which their present request is based.

2. My Committee have understood that Mr. Sharpe was appointed as Deputy Chairman of the Trust in 1925 for the specific purpose of carrying out the retrenchments suggested in the Report of Mr. Heseltine and as this work is over it would not be right to continue the appointment of the Deputy Chairman which was created mainly for that specific purpose.

3. It has been argued that the Post of Deputy Chairman should be continued wtih a view to secure departmental co-ordination and control in the administraiion of the affairs of the Trust and it has been suggested that the appointment of Deputy Chairman for the present should be limited to Mr. Sharpe's tenure. My Committee, however, do not consider the necessity of such a costly post even for the purpose of such co-ordination and control because such work was efficiently carried on, before the post of Deputy Chairman was created for the specific purpose referred to above, by a Chairman and a Secretary. The very proposal to limit the appointment of the Deputy Chairman for the present to Mr. Sharpe's tenure unfortunately leaves the impressiom that there is a desire to create and keep a highly paid berth for Mr. Sharpe and not that such a costly post is necessary for the efficient working of the Port Trust.

4. My Committee view with apprehension the proposal to reduce the grade of the Secretary's Post in order to make provision for the costly salary attached to the Post of the Deputy Chairman. Apart from the fact that such a reduction would not attract the best talent in the country to that post, it will expose the Trust to the charge that they were up to now unnecessarily paying a very high salary for the post of the Secretary which could be filled efficiently by a less able man carrying a substantially reduced pay per month. My Committee believe that it is possible to secure a very competent man as Secretary on the present grade who will be able to secure departmental co-ordination and control in the same way as previous Secretaries did and obviate the need for the continuation of the post of Vice Chairman.

5. My Committee regret to observe that while retrenchment in the wages bill of Indian employees to the extent of about Rupees 15 lacs a year has been made by the Trust, no retrenchment has been made either in the cadre or grade of the European officers employed by them.

6. The representatives of this Chamber have more than once invited the attention of the Chairman and of the Board to this regrettable fact without any appreciable success. The case of Mr. Sharpe, my Committee beg to submit, is an instance of this sad tendency. The resolution of his appointment was carried in spite of the unanimous opposition of the four representatives of this Chamber present at the meeting.

7. My Committee trust Government will realise from the above that efficiency does not require such an additional costly post as that of the Deputy Chairman and that such extra expenditure is not warranted in the present financial conditions of the Trust. My Committee, therefore, request Government to consider the question from a broader aspect and refuse their sanction to the proposal ; (1) that the Deputy Chairman's post be continued hereafter, and (2) that Mr. Sharpe be continued, as Deputy Chairman with effect from 24th March 1927.

No. S.-20-4-2008 M., Bombay Castle, 4th February 1927.

From the Government of Bombay, Marine Department to Chamber,

With reference to your letter No. T.-2547, dated the 23rd December 1926, on the subject noted above, I am directed by the Governor in Council to say that he regrets his inability to withhold sanction to the Trustee's proposal, as the post of a Deputy Chairman is contemplated in the Bombay Port Trust Act itself and as the total cost of the central administration of the Trust is proposed to be reduced to its pre-retrenchment level prior to 24th March 1925, even with the addition of that post. I am to add that the Trustees' proposal is in conformity with the recommendations of Mr. Heseltine, their retrenchment officer.

APPENDIX 107.

POSTAL AND TELEGRAPHIC FACILITIES AT NARAYANPET (HYDRABAD) DECCAN.

No. T.-2162 dated the 30th October 1926.

From Chamber to the Director-General of Posts and Telegraphs, Calcutta.

The attention of the Committee of this Chamber has been drawn to the difficulties experienced by the commercial community at Narayanpet Town in the Nizam's Dominions due to inadequate Post and Telegraph facilities in that town. Narayanpet is an important commercial centre, dealing in foreign yarn, &c., worth about Rupees fifty lakhs annually. The merchants of that town due to the lack of the above facilities are put to a great inconvenience and I am, therefore, directed to request you to be good enough to grant their request to convert the present Town Post Office into a Combined Post Telegraph Office, and thereby remove the legitimate grievances of the merchants. It is hoped that you will be pleased to do the needful in the matter at your early convenience.

No. AE 12900, dated New Delhi, 29th January 1927.

From Director General of Posts and Telegraphs to Chamber.

In acknowledging the receipt of your letter No. G-26, dated 8th January 1927, I am directed to inform you that the matter is already under enquiry with the Postmaster-General, Madras, and that a reply will be sent to you as soon as possible.

APPENDIX 108.

PROPOSED MESSAGE RATE SYSTEM BY THE BOMBAY TELEPHONE COMPANY. (VIDE CHAMBER'S REPORT FOR 1925 pp. 509-514.)

Poona, dated the 20th October 1926.

Council Hall.

From the Government of Bombay Revenue Department to Chamber.

I am directed to inform you that the Honourable Mr. J. L. Rieu, Member of Council, is meeting the Honourable Sir B. N. Mitra, Member of Council in charge of the department of Industries and Labour of the Government of India on Monday November 1st at 12 noon at the Secretariat, Bombay to discuss with him the proposed introduction of the message rate system of telephone charges in Bombay, and I am to invite a representative of your Chamber to be present for purposes of consultation at the time that the discussion takes place.

No. T.-2139, dated the 28th October 1926.

From Chamber to the Government of Bombay Revenue Department, Poona.

With reference to your letter of the 20th instant, bearing no number I am directed to inform you that Mr. B. F. Madon will represent the Committee of this Chamber at the Conference which is to be held on Monday, 1st November at 12 Secretariat, Bombay to discuss with the Hon'ble Sir B. N. Mitra, Member of the Council of the Government of India, the proposed introduction of the Message rate system of telephone charges in Bombay.

Bombay, dated the 8th November 1926.

Letter from B. F. Madon Esq. to Chamber.

The Committee had been good enough to ask me to represent the Chamber at the Conference at the Secretariat called together by

Sir B. N. Mitra on the subject of the telephone rates. I think it my duty to put on record what passed at that meeting.

There were present;

Sir B. N. Mitra.

Mr. Rieu (Bombay Government.)

Mr. Rogers (Post Master General.)

Sir G. Roy (Director General of Telegraphs.)

Mr. England (Bombay Chamber.)

Mr. Lalji Naranji (Millowners' Association.)

Myself (Indian Merchants' Chamber.)

No representative of the Telephone Company seemed to be present.

Sir B. N. Mitra opened the discussion by saying that the issue was "Which was the fairest method of charging for Telephone service" and said he was convinced it was the message rate system. I pointed out that the real issue was "Was there any justification for a revision of a contract deliberately entered into in 1922 when the message rate system had already been discussed and recommended in Europe and America and yet the Company accepted the contract on the fixed rate system." Sir B. Mitra reasserted his own point of view and I had to say that I did not see why we were called together at all if Government had already made up their mind.

Mr. England, asked to express his opinion, said that his Chamber considered the message rate system the correct method but thought the charges proposed too high.

Sir B. Mitra and Mr. Rieu emphatically agreed with this point of view and when I pointed out that the real trouble was the over-expansion of the installation on boom anticipations which had proved wrong and that the Telephone Company should suffer for its own mistakes as other concerns did, Sir G. Roy asserted that the 4,000 extra connections were what a Telephone Company of this size ought to have provided.

Mr. Lalji who had come for the Millowners on account of Mr. Geddes and Mr. Mody who were intended to represent that Association, having been called by the Tariff Board, supported my contention and pointed to the great depression in trade and the need of lowering rates instead of raising it as the message rate would do for business concerns.

Sir B. Mitra even asserted that it was perfectly open to Government to revise the contract if they thought fit to do so, and said the only point was whether the rates asked by the Company were reasonable. He quoted Calcutta experience to show that *on an average* the rate charged proved to be well within what a subscriber had to pay on the present flat rates. I pointed out that the average was not the thing, what we would like to know was the amounts paid by the bigger business houses.

Sir B. Mitra then suggested and Mr. Rieu agreed that a Committee should be appointed to go into the question of rates. I then said that without prejudice to our contention that the contract should not be revised I would like to know on what criterion this Committee would go and also whether they would be asked to consider a maximum charge for large users. Sir B. Mitra replied that he did not propose to tie the hands of this Committee and it was for the Committee when appointed to make such recommendations as it thought fit.

I think it my duty to report what had transpired and will leave it to the Chamber to take such further action as may be thought fit.

No. T.-2537, dated the 22nd December 1926.

From Chamber to the Government of Bombay Revenue Department, Bombay.

At the conference recently held between the Honourable Member for Industries, Government of India, and the representatives of the various public bodies with regard to the introduction of the Message Rate System, the representative of this Chamber, Mr. B. F. Madon, was informed by the Honourable Sir B. N. Mitra that Government

had decided on sanctioning the message rate system. My Committee regret that the very weighty objections which they urged against the adoption of such a system have been over-ruled by Government. Now that a decision has been taken, my Committee do not desire to press forward their objections beyond stating that they still remain unconvinced of the desirability of the change sought to be introduced by the Bombay Telephone Company. What my Committee have now to urge is that the message rate should be so fixed as to carry out the object with which the Telephone Company originally proposed its introduction *viz.* to adjust the burden on the small user, by adopting a scale of charges which would "permit of his paying less than the present minimum rates." At the same time the burden on the large user should not be unduly aggravated and with that object in view my Committee have to suggest the fixing of a maximum rate for such users. In any event, they are strongly opposed to any proposal which would result in bringing in more additional revenues to the Telephone Company than what they would be earning under the present flat rate system. My Committee maintain that no case whatever has been made out by the Telephone Company for increasing its revenues by penalising the general public. A moderate increase of the burden on the large user and a corresponding relief to the small user is all that can be reasonably agreed to. If the underlying object of the change *viz.* attracting the small user, is achieved, then the revenues of the Telephone Company are bound to profit thereby and that is the utmost to which the Company can be held to be entitled. My Committee would, therefore, urge a very careful consideration of the rates proposed by the Telephone Company. As pointed out in paragraph 4 of my Committee's letter dated the 13th August 1925 addressed to the Telephone Company, a copy of which is attached herewith for ready reference, the rates proposed by the Company will "not only not attract the class of so called 'small user' but will lose the patronage and support of a large proportion of its big constituents." My Committee apprehend that the whole object of the Telephone Company seems to be to make the general public pay for their mis-calculations in the past and their professed solicitude for the small user is certainly not borne out by the proposed changes the Company have put forward.

My Committee desire to have an opportunity of urging these considerations at the proper time and place and for that reason urge Government to see that this Chamber is properly represented when the Committee for fixing the message rates is appointed.

APPENDIX 109.

PROTEST AGAINST FILLING IN BLOCK NO. 7 OF THE BACKBAY RECLAMATION.

No. B.-1 (S. B.) Bombay Castle, dated the 29th October 1926.

From the Government of Bombay Development Department to Chamber.

I am directed to forward herewith, for the information of your Chamber, a copy of a Press Note No. S. B. 1682, dated the 21st October 1926, on the subject noted above.

PRESS NOTE.

SUBJECT:—*Back Bay Reclamation Scheme.*

An *ad interim* report, submitted by the Back Bay Enquiry Committee at the request of the Government of Bombay regarding the next season's work, has been published for general information by the Government of India.

2. In that report the Committee unanimously recommend the reclamation of blocks 1, 2 and 8; block 1 by dredging from Back Bay in the next working season, and thereafter both blocks 1 and 2 by either dredging or dry filling whichever may prove more economical or advantageous. The dredger, they say, should work three shifts. Block 8 should be completed as quickly as possible by dry filling. Storm-water drains 6 and 7 in blocks 1 and 2 should also be completed, and parapets in blocks 1 and 8 constructed in due course. This recommendation, confirming, as it does, the recommen-

dations of the majority of the Advisory Committee and of Mr. Kay's Committee, has been accepted by the Government of Bombay, and work in blocks 1 and 8 will proceed accordingly during the ensuing working season.

3. With regard to block 7, the Committee note that its area is 6,54,000 square yards, and that the quantity of dredged filling required to fill this block is two million and fifty thousand cubic yards. They consider that if the dredger is worked efficiently for three shifts daily, the block should be completed, so far as the dredged material only is concerned, in the course of the season, at a rate of eight annas per cubic yard, and that this rate is much below the cost of any other method of filling at some future date. The cost of murum topping, development, interest and depreciation has, of course, to be added to this. The Committee note also that dredging plant is available on the spot, and that the superior staff cannot be dispensed with without six months' notice. At the same time they are impressed with the uncertainty regarding the date and rates at which the land, if reclaimed, could be disposed of, and this makes them doubtful if it would be a sound proposition financially. They therefore consider, in the circumstances, that it is for the local Government to decide for themselves whether any action, and if so what, should be taken in respect of this block pending the decision of Government on the final report of the Committee.

4. In paragraphs 30 and 31 of their report, the Kay Committee recorded their conclusion, on the figures of cost adopted by Mr. Neilson's Committee, that the present value of the total cost of completing block 7 would amount to Rs. 48·50 lakhs, as compared with Rs. 36·97 lakhs, the estimated present value of the recoupment, and that the reclamation and development of the area would not be a paying proposition. They accordingly recommended that the reclamation of block 7 should not be proceeded with at present.

5. Government have now re-examined the financial aspect of the completion of this block in the light of the remarks made by

the Back Bay Enquiry Committee in their *ad interim* report, with the following result. It would not be possible to work the dredgers 3 eight hour shifts until additional staff could be obtained from England, and it would be necessary to provide accommodation on shore for the extra man, as that on the dredgers is fully occupied. It is quite possible, however, under suitable arrangements, to work the plant 2 twelve hour shifts with the existing crews; and it is estimated, on the actual figures of the season 1925-26, that, if this is done, it should be possible to obtain an output of 20,21,300 cubic yards of consolidated filling during the coming season at a cost of Re. 0·62 per cubic yard, based on the total working costs of the plant incurred, and to be incurred, during the period 1st June 1926 to 31st May 1927.

6. As regards the output, the quantity of dredged filling required to complete block 7 is 20,50,000 cubic yards, which is slightly more than the estimated output of the plant for 2 twelve hour shifts, based on the actuals of 1925-26. During that season, however, 17 working days were lost owing to the necessity of stiffening the Colaba and 10 working days on account of bad weather, and there seems no reason to suppose that in a normal season's working, with 2 twelve hour shifts, the quantity of dredged filling required for block 7 cannot be obtained.

7. In regard to the rate, this, as stated above, is estimated at Re. 0·62 per cubic yard, which includes, however, the expenditure on dredging staff, maintenance, etc., already incurred during the current year since the close of the last dredging season on 31st May 1926. Moreover, if it is decided to abandon dredging, the present superior staff have to be given six months' notice. These two items total Rs. 3·50 lakhs and represent expenditure, which cannot in any case be avoided, corresponding to a cost of Re 0·17 per cubic yard of consolidated filling. Allowing for this, the difference between the rate of Re. 0 50 per cubic yard suggested by the Back Bay Enquiry Committee, and the departmental estimate of Re. 0·62 per cubic yard, is only Re. 0·05, and it seems reasonable to suppose that the rate given by the Committee represents the additional expenditure in which they consider Government will

be involved, if it is decided to continue dredging during the coming season, the fact that the departmental estimate is slightly lower being probably due to its being based on 2 twelve hour, instead of 3 eight hour, shifts.

8. Apart from the question of output and rate due to working the plant 24 hours per day, Government are of opinion that in one other respect the forecast on which Mr. Kay's Committee based their conclusions may reasonably be modified. The forecast is based on the assumption that the disposal of the land will take 20 years, but provision is made for the completion of the development, *i. e*, roads, drains, lighting, etc., in 5 years. It is unusual to undertake such expenditure so far in advance of actual disposal of the land, and it is considered reasonable to spread it over 15 years, the development being completed, even then, 5 years before the last plot is sold.

9. On the basis of working the plant 24 hours per day, and taking 15 years for the development of the area, the financial position is estimated to be as follows :—

Cost of reclamation.

Season 1st October 1926 to 31st May 1927.

	Rs. Lakhs
(a) Murum filling (sealing wall and bund), 1,44,000 cubic yards @ Re. 1·57	2·26
(b) Dredged filling, 20,50,000 cubic yards ... Re. 0·62 ...	12·71
	14·97
Establishment charges at 15 per cent	2·25
	17·22
Deduct expenditure already incurred or inevitably to be incurred	3·50
	13·72

Assuming this expenditure to be evenly distributed over the eight months, and writing it back to 1st October 1926, the present value cost on that date would be Rs. 13·45 lakhs.

Season 1927-28	...	No work done.
Season 1928-29	...	Work of murum topping to be spread over these two years.
Season 1929-30	...	

Murum topping....		Rs. Lakhs.
5,84,000 cubic yards at Re. 1·57	...	9·17
Establishment at 15 per cent	...	1·38
		10·55
Written back from 1st April 1929 to 1st October 1926, *i. e.*, 2½ years, the present value cost is		9·12
The total present value additional cost of reclamation is therefore 13·45 *plus* 9·12 ...		=22·57

10. *Cost of development.*—Mr. Kay's Committee assumed that the gross area of 6·54 lakhs square yards in block 7 would yield a net building area of 3·40 lakhs square yards based on Mr. Davidge's provisional layout. This can be increased by a further 60,000 square yards by (1) throwing part of the proposed recreation ground into the building area, and (2) reducing by 20,000 square yards the area under roads. Thus a total building area of 4·00 lakhs square yards can be obtained, and the cost of development be reduced by Rs. 2·40 lakhs. This Rs. 2·40 lakhs may, for purposes of the forecast, be taken to balance the extra expenditure which Mr. Kay's Committee anticipate may have to be incurred on temporary arrangements for disposal of sewage. Taking then the figure accepted by Mr. Kay's Committee, Rs. 26·5 lakhs, as the cost of development, spread over 15 years from 1930-31, the present value of the expenditure on 1st

October 1926 would be Rs. 13·96 lakhs. The total present value of the cost of completion of block 7 is, therefore :—

		Rs. Lakhs.
Present value cost of reclamation	...	22·57
Present value cost of development	...	13·96
Total present value cost of completion		36·53

11. *Recoupment.*—4·00 lakhs square yards at Rs. 25 per square yard spread over 20 years, *i.e.*, 20,000 square yards per year, bringing in Rs. 5 lakhs per annum for 20 years from 1931-32.

The value on 1st October 1926 of Rs. 5 lakhs per annum for 20 years from 1931-32 is ... ... 45·43 lakhs

According to this forecast, therefore, if the plant is worked 24 hours a day during the coming season, and the cost of development is spread over 15 years, the completion of block 7 will result in a reduction of debt at present value of 45·43—36.53 = Rs. 8.90 lakhs.

12. There are two subsidiary points raised in the report of Mr. Kay's Committee in regard to block 7. The first is as regards the supply of murum, paragraphs 22 and 23 of the report. The fear is expressed that if block 7 is undertaken, the diversion of murum, for sealing the sea wall and bund, may prevent the completion of block 8 by the estimated date 31st March 1928. Government have had this matter investigated and have ascertained that arrangements have already been made with the B. B. and C. I. Railway for doubling the supply of murum with the existing rolling stock, with the result that not only will there be sufficient murum for block 7, but the completion of block 8 can be considerably accelerated.

13. The second point is that of sewage disposal in block 7, dealt with in paragraphs 26 and 27 of the report of Mr. Kay's Committee. It will be seen that the Committee apprehended very considerable expenditure on temporary sewage disposal arrangements, owing to the probability that the construction of the proposed municipal out fall at Colaba might be indefinitely postponed. On an examination

of the conditions it has been found that it will be quite possible to lay the system of sewers in the area in their final position, and, pending the construction of the municipal intercepting sewer, to provide a sump from which the sewage can be pumped into a septic tank, the effluent from which will flow into a neighbouring storm-water drain. The additional cost of the temporary work, over and above the cost of the sewers included in the cost of development, will amount to approximately Rs. 1·13 lakhs, which will be more than covered by the saving, Rs. 2·40 lakhs, due to the proposed reduction of the area under roads.

14. After taking all the factors in the case into consideration, Government have come to the conclusion that the balance of advantage is in favour of the completion of block 7, and they have accordingly decided to proceed with dredging from the harbour into block 7 during the coming season, working the plant 24 hours a day.

15. Government do not propose to take any further action until they have had an opportunity of considering the report of the Enquiry Committee appointed by the Government of India.

No. T.-2443, Bombay, dated 9th December 1926.

From Chamber to the Government of Bombay General Department, Bombay.

My Committee have considered the Press-Note issued by the Government of Bombay regarding the Back Bay Reclamation Scheme sent with your letter of the 29th October 1926, No. B-1 S. B. They are sorry that the Government have come to the conclusion that the balance of advantage is in favour of the completion of Block No. 7 and have accordingly decided to proceed with dredging from the harbour into Block No. 7 during the coming season.

The Report of the Kay Committee, obviously formed the basis of the interim report of the Mears Committee. That Committee observed in their report that with a present value of Rs. 45·50 lakhs and a recoupment of Rs. 36·97 lakhs the reclamation and development of this area is not a paying proposition. They also thought that by

the time this land might reasonably be expected to be required for "the expansion of the City" or "as a necessary open space for recreation", the interest charges plus the cost of reclamation by dredging would have amounted to a sum which would exceed the cost of dry filling at that date. They recommend therefore that it would be more economical not to fill the area now by dredging, but to proceed with the reclamation by dry filling, as and when it might be required. The Mears Committee, while they thought that the dredging cost of 8 annas per cubic yard would be much below the cost of any other method of filling at some future date and that the dredging plant was available on the spot and that the superior staff could not be dispensed with without six months's notice, were impressed with the uncertainty regarding the date and rates at which the land, if reclaimed, could be disposed of and felt doubtful if it would be a sound proposition financially. They, however, instead of giving any decision themselves left it to the local Government to decide whether any action and, if so, what should be taken in respect of this Block.

My Committee consider it unfortunate that the Government should exercise their discretion in this manner, brushing aside the opinion of the Kay Committee and the consensus of public opinion.

My Committee have worked out all the figures with regard to the probable cost of and realization from the Block No. 7. They have accepted for this purpose reclamation figures given in the Government Press Communique as also the figures relating to the development given in the same and accepted by the Kay Committee. My Committee cannot, however, accept for very sufficient reasons, the figures with regard to the realization from Block No. 7. It must be remembered that Blocks Nos. 1 and 2 will also be on the market from 1930. Blocks Nos. 1 and 2 are at least near the residential area and even for them the Kay Committee does not put down a bigger figure than 20,000 sq. yds. per annum as the probable sale. Taking this, however, to be the most likely figure of sale, my Committee cannot at all agree that Block No. 7 which is so much further off from all these residential areas should also have an annual sale of 20,000 sq. yds. Not only is there this difficulty but there is also the further difficulty in the shape of big plots of land like the 45,000 yards set

free by the removal of the Cotton Green to Sewri in the possession of the Port Trust, one lakh yards in the possession of the B. B. and C. I. Railway, 35,500 yards in the possession of the G. I. P. Railway and nearly one lakh yds. of net building area in the possession of the Colaba Land and Mill Company. My Committee, therefore, take as the probable estimate of disposal of the land in Block No. 7:- 5,000 yards for the first five years ; 7,000 yards for the next five years ; 10,000 yards for the next five years ; 12,000 yards for the next five years ; 15,000 yards for the next five years ; 20,000 yards for the next seven years and the balance of 15,000 yards for the last year. My Committee consider that all who give serious thought to this problem will agree that these estimates are not, by any means, unduly pessimistic but are framed after due consideration of all the circumstances. Blocks Nos. 1 and 2 may attract certain classes of business, but Block No. 6 is too far off for business purpose. The estimate; therefore, prepared by my Committee appears to them to be reasonable and in accordance with the probabilities. They cannot agree that the land in Block No. 7 can fetch Rs. 25 per sq. yd., the figures accepted by the Kay Committee and the Government Press Note, and they agree with the Dissenting Minute of Mr. Lalji Naranji that an average of only Rs. 15 is to be looked for and have, therefore, taken Rs. 15 as the proable average price of sale for all the plots in Block No. 7 and that at the end of this period there will be found to be a loss of Rs. two crores accruing to the State from all these transactions. All these figures are worked out and shown in the Appendix-A, attached hereto.

Taking all these factors into consideration, my Committee are firmly of opinion and conviction that the reclamation of Block No. 7 should not be proceeded with at present. The Government have before them the sad record of the mis-management and mis-handling with regard to the Back Bay Reclamation and have, my Committee hope, realised the disastrous effects this reclamation has already had on the trade and industries of the City and finances of the Presidency. My Committee, are, therefore, amazed that the Government should have sanctioned the reclamation of Block No. 7 inspite of the recommendation to the contrary of a Committee appointed by them.

selves and inspite of the public opinion against the reclamation of further blocks till the results of Blocks Nos. 1 and 2 are known and justified such further work.

APPENDIX A.

	Rs.
Cost on 31st May 1927. (In lakhs of Rs.)	13·72
1927-28. (No work done.)	
Interest at 6 %	·82
Cost on 31st May 1928.	14·54
1928-29 Half Moorum	5·28
	19·82
Interest at 6 %	1·18
Cost on 31st May 1929.	21·01
1929-30. Half Moorum	5·28
	26·29
Interest at 6 %	1·57
Cost on 31st May 1930 (Reclamation complete) ...	27·86
1930-31. Development	4·0
	31·86
Interest at 6 %	1·91
Cost on 31st May 1931.	33·77
Less proceeds, 5000 yds, at Rs. 15	·75
Remaining cost, ...	33·02
Development.	2·50
	35·52
Interest at 6 %	2·13
Cost on 31st May 1932.	37·65
Less proceeds, ...	·75
Remaining cost	36·90
Developmet	2·50
Interest at 6 %	39·40
	2·36

	Rs.
Cost on 31st May 1933.	41·76
Less proceeds	·75
Remaining cost.	41·01
Development.	2·50
	43·51
Interest at 6 %	2·61
Cost on 31st May 1934	46·12
Less proceeds	·75
Remaining cost	45·37
Development	2 50
	47·87
Interest at 6 %	2 87
Cost on 31st May 1935	50,74
Less proceeds	·75
Remaining cost	49·99
Development	1·50
	51·49
Interest at 6 %	3·09
Cost on 31st May 1936	51·58
Less proceeds 7000 yds. at Rs. 15	1·05
Remaining cost	53·53
Development	1·50
	55·30
Interest at 6 %	3·30
Cost on 31st May 1937	58·33
Less proceeds	1·05
Remaining cost	57·28
Development	1·50
	58·78

Interest at 6 %	... ...	3·53
Cost on 31st May 1937	... ...	62·31
Less proceeds	... ...	1·05
Remaining cost	... ...	61·26
Development	... ...	1·50
		62·76
Interest at 6 %	... ...	3·76
Cost on 31st May 1939	... ...	66·52
Less proceeds	... ...	1·05
Remaining cost	... ...	65·47
Development	... ...	1·50
		66·97
Interest at 6 %	... ...	4·02
Cost on 31st May 1940	... ...	70·99
Less proceeds	... ...	1·05
Remaining cost	... ...	69·94
Development	... ...	1·00
		70·94
Interest at 6 %	... ...	4·26
Cost on 31st May 1941	... ...	55·20
Less proceeds, 10,000 Yards at Rs. 15	... ...	1·50
Remaining cost	... ...	73·70
Development	... ...	1·00
		74·70
Interest at 6 %	... ...	4·48
Cost on 31st May 1942	... ...	79·18
Less proceeds	... ...	1·50
Remaining cost	... ...	77·68
Development	... ...	1·00
		78·68

	Rs.
Interest at 6 %	4·73
Cost on 31st May 1943	83·40
Less proceeds	1·68
Remaining	81·90
Development	1·00
	82·90
Interest at 6 %	4·97
Cost on 31st May 1944	87·87
Less proceeds	1·50
Remaining cost	86·37
Development	1·00
	87·37
Interest at 6 %	5·24
Cost on 31st May 1945	92·61
Less proceads	1·50
Remaining	91·11
Interest at 6 %	5·47
Cost on 31st May 1946	96·58
Less proceeds, 12,000 yds. at Rs. 15	1·80
Remaining	94·78
Interest at 6 %	5·69
Cost on 31st May 1947	100·47
Less proceeds	1·80
Remaining cost	98·92
Interest at 6 %	5·92
Cost on 31st May 1948	104·59
Less proceeds	1·80
Remaining cost	102·79
Interest at 6 %	6·17

	Rs.
Cost on 31st May 1949	... 108·96
Less proceeds	... 1·80
Remaining cost	... 107·16
Interest at 6 % ...	... 6·43
Cost on 31st May 1950	... 113·59
Less proceeds	... 1·80
	111·79
Interest at 6 % ...	... 6·71
Cost on 31st May 1951	... 118·50
Less proceeds, 15000 yds. at Rs. 15 ...	... 2·25
Remaining cost	... 116·25
Interest at 6 % ...	... 6·97
Cost on 31st May 1952	... 123·22
Less proceeds	... 2·25
Remaining cost	... 120·97
Interest at 6 % ...	... 7·26
Cost on 31st May 1953	... 128·23
Less proceeds	... 2·25
Remaining cost	... 125·98
Interest at 6 % ...	... 7·56
Cost on 31st May 1954	... 133·54
Less proceeds	... 2·25
Remaining cost	... 131·29
Interest at 6 % ...	... 7·88
Cost on 31st May 1955	... 139·17
Less proceeds	... 2·25
Remaining cost	... 136·92
Interest at 6 % ...	... 8·21
Cost on 31st May 1956	... 145·13
Less proceeds, 20000 yds. at Rs. 15 ...	... 3·00

	Rs.
Remaining cost	142·13
Interest at 6 %	8·53
Cost on 31st May 1957	150·66
Less proceeds	3,00
Remaining cost	147·66
Interest at 6 %	8·86
Cost on 31st May 1958	156·52
Less proceeds	3·00
Remaining cost	153·52
Interest at 6 %	9 21
Cost on 31st May 1959	162·73
Less proceeds	3,00
Remaining cost	159·73
Interest at 6 %	9·58
Cost on 31st May 1960	169·31
Less proceeds	3·00
Remaining cost	166·31
Interest at 6 %	9·98
Cost on 31st May 1961	176·29
Less proceeds	3·00
Remaining cost	173 29
Interest at 6 %	10·40
Cost on 31st May 1962	183·69
Less proceeds	3·00
Remaining cost	180·69
Interest at 6 %	10·84
Cost on 31st May 1963	191·53
Less proceeds, 15000 yds. at Rs. 15	2·25
Remaining cost	189·28
Interest at 6 %	11·36
Less on 31-5-1964, when the whole of the area has been sold off and payments received therefor... ...	200·62

No.B-1/66 (S. B.) Bombay Castle, 16th December 1926.

From the Government of Bombay Development Department to Chamber.

I am directed to acknowledge the receipt of your letter No. T/2443, dated the 9th December 1926, on the subject mentioned above, addressed to the Secretary to Government, General Department, and to say that it will be laid before Government.

APPENDIX 110.

REPRESENTATION OF THE KARACHI INDIAN MERCHANTS' ASSOCIATION ON THE INDIAN CENTRAL COTTON COMMITTEE.

No. 481-26. Karachi, 23rd November, 1926.

From the Karachi Indian Merchants' Association to Chamber.

I beg to enclose herewith a copy of the Memorial* addressed to His Excellency, Governor General in Council to grant us the right of representation on the Indian Central Cotton Committee.

I request for a careful perusal of the Memorial which, I hope, will convince you how necessary it is in the interests of Indian Cotton dealers and Cotton Growers to grant this Association the right of representation on the Indian Central Cotton Committee, and shall feel extremely obliged if you kindly support this our just and reasonable demand and do all you can to secure for us the right of representation on the said Committee.

Thanking you in anticipation,

* Not Printed vide File No. 1, 1926.

No. T 2466—10th December, 1926.

From Chamber to Karachi Indian Merchants' Asscoiation Karachi.

Your letter No. 481/26, dated 23rd November 1926, together with a copy of your memorial to H. E. the Viceroy regarding the above, was considered by my Committee at their meeting held on the 7th instant. While my Committee have every sympathy with the request made by your Association regarding thee above, they regret they cannot see their way to do anything in the matter.

APPENDIX 111.

THE INDIAN ROADS AND TRANSPORT DEVELOPMENT ASSOCIATION.

Bombay dated 10th July 1926.

From the Indian Industries and Road Development Fund to Chamber.

We send you a *memorandum expressing the views of the Committee of Indian Industries and Road Development Fund, which we venture to hope you will lay before the Indian Merchants' Chamber at an early date.

If the Chamber could pass a resolution in favour of the views of the Indian Industries and Road Development Fund Committee, it would be most gratifying and assist very much in the endeavour to promote the progress of agriculture, education, and opening up of the country not only to the benefit of the Province of Bombay but of the whole of India.

We think the attached memorandum broadly covers our views but should the Chamber desire any other information, the Committee of the Indian Industries and Road Development Fund is entirely at their disposal.

* Not Printed Vide File No. R. 82 of 1926.

No. T. 1551, dated 28th July 1926.

From Chamber to Indian Industries and Road Development Fund.

Your letter of the 10th instant with its enclosure was considered by the Committee of the Chamber at their meeting held on the 24th instant. They await development of the activities of your Committee before they can move in the matter. In order that your suggestion may gain acceptance from the representative public bodies, my Committee would like to suggest that you should put forward concrete proposals, on the examination of which it will be possible to judge if it is advisable in the interests of this country to accept those proposals.

Bombay, 3rd November 1926.

From the Indian Roads and Transport Development Association to Chamber,

This Association is very desirous of inviting Sir Purshotamdas Thakurdas to join the Committee, and it has occurred to us that you might like to nominate him as your representative. If so, I write, on behalf of my Committee, to say that we shall be happy to accept such nomination.

Since our organisation was started rather less than six month ago, we have made great progress and we have the support of a very large body of people, amongst whom are many leading and influential Indians, so that it would seem desirable that your Chamber should be represented and kept in touch with what is going on. We also know that our representations are receiving the sympathetic consideration of the Government, and there seems every hope of our securing a satisfactory issue in a much shorter time than was first anticipated.

I think you are aware that this Association was started with the object of bringing to the notice of the public and Government the urgent necessity of the formation of a Ministry for Roads & Tranport, and also a reduction in the import duty on motor cars and accessories.

The primitive road surfaces and almost complete absence of passable road outside the Presidency towns makes the construction of good motor roads and the maintenance of a proper surface a very necessary adjunct to the development of the resources of the country. In England, where a Ministry of Road and Transport was formed shortly after the war, most successful progress has been made, and the machinery set up by the State has been one of the main agencies in developing the secondary industries of the country.

Our Association feel that it is only necessary for popular opinion and for Officials to realise how easily a good road policy can be paid for by the transport system of the country and how great are the benefits which it confers upon every activity within the country, for necessary organisation to be established.

As soon as the policy became well developed, its valuable social and economic results would become apparent. It would allow a material reduction to be made in manufacturing costs by enabling factories to be removed from town to rural areas, where rent and land values are much cheaper. Goods could thus be delivered direct from the factory to the town or the nearest railway station at a minimum cost which would make the manufacturing prices much more competitive against foreign competition. We think it goes without saying that good roads, not merely encourage the population to spread from thickly populated towns to rural districts, but they also render great service to the railway system to the country in providing valuable feeders and enabling the railway system to concentrate its terminal facilities at large centres, instead of duplicating them in small units throughout the country at a very heavy cost at a greatly reduced efficiency. It has been said that the part of this country effectively tapped by a line of railways does not exceed one day's bullock cart journey on either side of the line, say twenty miles at the most. Motors given good roads, would increase this area to at least a hundred miles. Apart from the value which this effect of good roads has upon the general life of the community, there is also the immense service which it renders to the urban development schemes which it might well convert from failures into successes the monetary gain from which alone would justify a heavy decrease in customs revenue.

We further suggest that a motor transport must play a very important and productive part in agricultural development in India. Success in this regard will be greatly assisted by the skilled use of tractors and the prompt marketing of produce, which is not at present possible owing to lack of modern facilities. India is, therefore, severely handicapped in this regard, and our Association are of the opinion that these real difficulties will only be overcome by the well-considered development of roads, enabling motor transport to be used to connect India's vast productive cultivated areas with railways and waterways, thus assisting produce to be rapidly assembled in the various marketing centres. Here again not only increased revenue would result, but the position of the ryot would improve, and this in turn, it is fair to assume, might exercise a most beneficial and helpful influence on India's political advancement.

Then again the development of roads and motor transport should assist considerably in educating the illiterate classes in the interior, who are so far outside the area served by roads and railways.

The Government of India have no direct concern in road construction or maintenance other than in Delhi and other areas which they maintain under their direct control. The Indian road system, as a whole, thus falls into three categories:—

(a) Roads built or maintained by Provincial Governments.

(b) Roads built or maintained by Local Authorities, such as Municipalities, District Boards, etc.

(c) Roads built or maintained by the Government of India in Delhi and other areas under Central Control.

It is the opinion of some that the development of roads would affect railways, and it is appreciated by our Association that the Central Governmet have naturally to consider their railway revenues. In our opinion, however, road expansion should actually contribute to these, as where there are railways, there must be roads to feed them.

Railways and waterways are of course, indispensable, but their use is at present severely limited by lack of facilities for feeding them. Light railways are useful as "feeders", but to work to their best advantage, they must themselves be fed. The total length of roads in India, *metalled and unmetalled*, supported out of public funds, is within in a few miles of the total of roads (practically all metalled) in England, Scotland and Wales. When the size of the two countries is compared, it will be realised how woefully deficient is India in roads of any sort, and when it is considered that the greater part of India's roads are unmetalled and, therefore, only suitable for bullock cart traffic and not even for that during the rains, the disparity becomes all the more striking.

The following short extract (page 303) from the voluminous report of the Indian Taxation Enquiry Committee shows that the enormous importance of Motor Transport- and therefore of roads capable of carrying such transport-is fully recognised in Government and semi-Government circles :—

> "At the same time, it must be remembered that India is very inadequately supplied with railway facilities, and the introduction of motor transport services in many provinces has brought the rural classes into closer touch with the cities. Motor lorries are also displacing bullock carts where there are good roads. It is difficult to exaggerate the political and economic advantages of rapid means of transport in India, and the development of motor transport services should, in the opinion of the Committee, be encouraged by Government. If the two propositions are accepted, first, that an increase in motor transport would be for the benefit of the country and, second, that motor vehicles, especially those of the heavier types, are items in respect of which local authorities are entitled to take a fair share of the taxation, then it would appear that sooner or later a reduction of the import duties is desirable."

There is a long way to travel before any concrete scheme can be formed, and Government cannot allocate revenue for road

development until there is a general demand for it from the public. *It is, therefore, necessary to educate the public to demand the roads that are so urgently required for the development of the country before Government can act.*

In Bombay the process of educating the Public has been started by a Committee consisting of the following:-

Major General Sir Reginald Ford, K.C.M.G., C.B., D S.O,

Sir Nusserwanji N. Wadia, K.B.E.

Mr. H. E. Ormerod.

„ R. J. Watson.

„ R. Ricardo.

„ S. Gueverek.

and „ E. Miller (at present Chairman.)

A similar Committee has been formed at Calcutta consisting of the following :—

Mr. A. K. Faulkner (Chairman.)

Sir Deveprasad Sarbadhikary.

Rai Bahadur Badridas Goonka.

Mr. E. G. Dixon.

„ E. R. Park.

while smaller Committees have also been formed at Karachi and Madras.

We are aware that Roads is a Transferred Subject, and not a Central one, but we believe that the technical difficulties that this entails could be overcome.

As to ways and means, the money for such a scheme will have to be found, at least in the first instance, from the Central revenue, and it has been suggested that the whole or part of the Petrol Excise

might be allocated specially for road development, grants in the first instance being made from this to the Provincial Governments for the constructions of roads and bridges. Later as the scheme develops, our Association have suggested that the Government should issue Road Bonds, the interest on which should be guaranteed from the Petrol Excise.

The object in view is an expenditure by each Local Government on some road scheme which is to its interests and has its entire sympathy and support, but at the same time, a scheme in which each Provincial section is made to fit into a co-ordinated whole. It would be unsatisfactory, for example, that Bombay should start a main road towards Madras, stopping short at the Madras boundary, while the Madras Government specialises on, say, a magnificent circular road which links up all its own costal ports but has no outside association or connection with some general Continental system.

To ensure the necessary co-ordination, while keeping constitutional factors in mind, the funds should be, therefore, from the beginning, Central funds allocated to the Province to spend on schemes which, while Provincial in execution, are parts of a general scheme approved by the Central Government. In other words, while execution and the ultimate interest would be Provincial, co-ordination should be Central.

I shall be glad if you will submit the foregoing to your Committee for their consideration, and the favour of an early reply will oblige.

No. T. 2270 dated 18th November, 1926.

From Chamber to the Indian Roads and Transport Development Association.

Your letter dated the 3rd instant inviting the Chamber to nominate Sir Purshotamdas Thakurdas, Kt., as its representative on your above Committee was considered by my Committee yesterday.

My Committee, however, think that at this stage it is not deemed necessary to nominate any body as their representative on your Committee.

APPENDIX 112.

POTENTIAL RESERVE OF MOTOR TRANSPORT VEHICLES FOR WAR.

No. 66999 Q. 7, M. T. Simla dated the 10th September, 1926.

From Quarter-Master General to Chamber.

The question of the maintenance for War of a potential reserve of M. T. vehicles of the types used by the Army in Peace is engaging the attention of the Government of India.

2. During the course of the discussion the following methods have been suggested ;—

(i) That Army M. T. vehicles be sold to Firms, etc., on a system of deferred purchase payment being spread over four years. During this period the vehicles would be available for the Army if required for War, Government in the event of War, repurchasing at a fair valuation.

(ii) That Army M. T. vehicles be sold to Firms, etc., at a fair market price, Government to pay an annual subsidy if the vehicles are kept in good condition for War. The vehicles would be subject to periodical inspection by Army Technical M. T. Inspectors on whose reports the subsidy would be paid. The vehicles to be available for the Army at any time if required for War, Government taking them over at a fair valuation.

(iii) That Firms etc, in possession of M. T. Vehicles of the makes in use in the Army, vide para 4, will receive an annual or half yearly subsidy for each vehicle examined, and passed as fit for the Army, on the condition that when required for War they will be taken over by the Army at a fair valuation.

3. It is thought that by method (i) above firms would be able to obtain serviceable vehicles at cheap rates and the Army be enabled to build up a reserve for War. Under method (ii) the cost of vehicles to firms would be considerably reduced by means of refunds in the form of a subsidy.

4. The vehicles which could be sold by Government will be for the next few years :—

Albion A. 16 type 30 cwt. lorries.

Albion B. 20 „ „ „

Karrier C. Y. „ „ „

Crossely 6/1 „ „ „

Some vehicles will be new, others will be part worn, but in good condition only having run a small mileage.

5. The above are the broad principles on which it is thought a reserve could be formed and maintained, details such as the purchase of spare parts from Government for maintenance of the vehicles could be worked out when it is known whether such a scheme would be acceptable to firms. etc.

6. I am to request that you will be good enough to favour me with your remarks on the forgoing, stating which method you consider would be likely to be the more acceptable to the public concerned and, if possible, give an approximate idea of the number of vehicles which you think would be purchased under both schemes (i) and (ii).

No. T. 1990, dated the 4th October 1926.

From Chamber to the Quarter Master General, Army Headquarters, Simla.

With reference to your letter of the 10th September 1926, I am directed to inform you that my Committee have very carefully gone through the same. They regret, however, that they cannot approve

of any of the alternative proposals given in your letter under reference for the following reasons :—

The adoption of any of the proposals will mean that on the declaration of war all the M. T. Vehicles which may be with any individuals or firms will be commandeered for military purposes and thus be withdrawn from active service in local trade and industries. My Committee recognise that even if these motor vehicles are not taken from the Government under the system mentioned in your letter, private cars and trucks may be commandeered on the breaking out of a war. In such a case, however, the proportion of private cars and trucks to be commandeered will not be very large. If the system suggested in your letter, however, is put into effect, and if many users of such cars come under this scheme as they naturally would, practically all the cars and trucks which may be in the service of private individuals or firms might be withdrawn and local trade and industries will not have anything to fall back upon. Not only this, but, as it would then be next to impossible to secure any substitutes for such cars or trucks which may be withdrawn, it will only mean that local trade and industries will be deprived of their most important means of transport and trade and industries might be entirely disorganised.

Under the circumstances, my Committee are sorry that they cannot approve of any of the alternative schemes proposed by you.

My Committee will be glad to know what is the probable amount of saving which the Government expect to achieve through adopting the proposed scheme and also whether such a proposal was submitted for consideration of the Inchcape Committee.

APPENDIX 113.

NON-ACCEPTANCE OF CARGO MEASUREMENT CERTIFICATES OF THE TUTICORIN INDIAN CHAMBER OF COMMERCE BY MESSRS. A. AND F. HARVEY.

Tuticorin dated 23rd August, 1926.

From the Indian Chamber of Commerce to Chamber.

In acknowledging receipt of your circular No. T. 1676 dated the 16th inst, I have the honour to enclose copy of message wired to the Finance Department Government of India Delhi.

Of the four steamer company agents at Tuticorin Messrs. A. & F. Harvey alone (Agents to the Clan Line Boats) decline to accept certificates of cargo of measurement issued by this Chamber. Messrs. Cayzer Irvine & Co., London when written to, have replied that they cannot deviate from the custom of accepting measurement of the Sworn Measurer appointed by the Tuticorin Chamber of Commerce which is composed of European Merchants.

A good number of local Indian shippers are forced to book cargo-space on board the clan boat because these boats sail direct to Europe and U. S. Ports and this Chamber has no means of bringing pressure on Messrs. A. & F. Harvey.

I will thank you to suggest a way to gain our object of inducing the Clan Line Agents to accept measurement certificates issued by this Chamber.

No. T. 1831 dated 7th September 1926.

From Chamber to the Indian Chamber of Commerce, Tuticorin.

Your letter No. 2/408 dated 23rd August 1926 was duly considered by my Committee and I am directed to request you to enlighten them as to the nature and bulk of the local Indian Trade.

My Committee would also be obliged if you will also inform them as to the system adopted by your Chamber regarding measurement of cargoes and the number of the membership of your Chamber.

No. 21435 Tuticorin 21st September 1926.

From The Indian Chamber of Commerce Tuticorin to Chamber.

In thankfully acknowledging receipt of your letter No. T. 1831 dated the 7th inst, I have the honour to inform you that the number on the roll of the Chamber at present is 75. The Chamber of Commerce at Nazereth and the Timber and Tiles Merchants' Association at Tuticorin are both negotiating for affiliation with this Chamber.

I am sending under separate cover a copy of the Chamber's Memorandum and articles of association. The byelaws adopted for cargo measurements are published in page 24.

Copies of correspondence with the agents of the Clan Line boats at Tuticorin, Madras and London on the subject of certificate of cargo measurements are herewith enclosed.

The volume of trade commanded by local Indian merchants (including foreign and coasting) amouted in the year 1923-24 Rs. 1254·6 lacs. In the year 1924-25 the trade of Tuticorin expanded to Rs. 1351. 7 lacs. During the year 1925-26 it has again improved to Rs. 1357. 6 lacs. Foreign trade declined from Rs. 893. 3 to Rs. 852,7 lacs. Imports declined by Rs. 29. 9 lacs to which metals contributed Rs. 8. 3 lacs, cotton twist and yarn Rs. 3. 7 lacs, machinery Rs. 1. 6 lacs and dyes Rs. 1. 5 lacs. Export declined by Rs. 10. 6 lacs as the net result of reduced shipments of treasure Rs. 40 lacs, oil cakes Rs. 3. 8 lacs and senna Rs. 2. 03 and increased shipments of animals Rs. 2. 1 lacs raw cotton Rs. 21. 3 lacs, tea Rs. 6. 7 lacs.

Coasting trade increased from Rs. 458. 4 to Rs. 504. 8 lacs. Imports show an increase of Rs. 66. 9 lacs owing to large arrivals of grain and pulse Rs. 68. 2 lacs, raw cotton Rs. 8 1 lacs but

imports of seeds, metals and provisions fell off by Rs. 2. 37. 2. 32 and 2. 13 lacs. Exports had a set back by Rs. 20. 4 lacs as the result of reduced shipments of raw cotton (Rs. 12. 1 lacs) and spices (Rs. 6. 5 lacs), coffee (Rs. 2. 9 lacs) and cotton twist and yrrn (Rs. 2.19 lacs) but shipments of rice improved by 2. 17 lacs)

The export of senna, fibre, dye stuffs, nux vomica and garnet sand are in the hands of local Indian merchants. Cotton is locally bought by foreign merchants and shipped hence to China, Japan and England.

No. T. 2143 28th October 1926.

From Chamber to Indian Chamber of Commerce Tuticorin, S. I.

With reference to the correspondence ending with your letter of 21st September 1926 with all its enclosures, my Committee are considering as to the best manner in which they can help your Chamber of Commerce in achieving the object it has in view.

APPENDIX 114.

MAGNESIUM CHLORIDE INDUSTRY.

Bombay, dated 22nd October 1926,

From Hiralal M. Desai Esqr., to Chamber.

It has been brought to my notice that several chemicals manufacturing firms in Germany have been recently amalgamated. This amalgamation is intended, presumably to compete the manufactures of Chemicals in other European countries. So far there is little to be complained.

But the real cause of complaint is that these German firms have also determined, as reported, to kill the Industry of Magnesium Chlo-

ride in Kharagoda, by giving special rebate to consumers in Ahmedabad, so that the rate of German Magnesium Chloride in Ahmadabad, even after adding the freight from Bombay to Ahmedabad would be same or even less than Kharagoda stuff.

Naturally, the Ahmedabad mill-owners may be attracted with cheaper rates, and would perfer German Magnesium to Kharagoda stuff, especially in view of the present trade-depression. This will have very serious effect on the indigenous industry of Magnesium Chloride, the very existence of which may be jeopardised.

I therefore, submit, that your Chamber should raise your powerful voice and get more protection to the Industry.

Thanking you in anticipation,

No. T 2265 18th November 1926.

From Chamber to H. M. Desai, Esq., Bombay.

Your letter dated 24th October 1926 re: above was considered by the Committee at their meeting held yesterday. The Committee think that unless you can show that the German manufacturers, in order to kill our Kharaghoda industry, resort to foul business tactics and create thereby an unfair competition, they cannot take any effective action in the matter.

I am therefore directed to request you to be good enough to supply them with full details re: competition in this trade.

(II.) INTERVEWS WITH GOVERNMENT OFFICIALS.

APPENDIX 115.

INTERVIEW WITH THE HON'BLE SIR B. N. MITRA, MEMBER FOR INDUSTRIES AND LABOUR, GOVERNMENT OF INDIA.

Speech of Mr. Lalji Naranji, President of the Indian Merchants' Chamber at the interview of the Committee of the Chamber with the Honourable Sir Bhupendra Nath Mitra, K. C. I. E., C. B. E., Member for Industries and Labour, Government of India, on 12th of April 1926.

Sir,

I have much pleasure in welcoming you on this your first visit to the Committee of the Indian Merchants' Chamber. They had the pleasure of a visit from your predecessor, Sir Atul Chandra Chatterji, the first Indian to be in charge of this important portfolio and expected that he would be able to solve satisfactorily several questions which have always remained a moot point between the Government of India and the Indian commercial community. Sir Atul Chandra left, however, this country for taking up the responsible position of High Commissioner for India and my Committee now hope that the solution of the questions which my Committee will discuss with you this noon will be found at no distant date.

My Committee have been taking a very keen and active interest in the question of the purchase of stores by the Government since a long time past. So long back as 1921 they addressed a letter to the Government of Bombay in reply to a communication from them enclosing an important despatch from the Government of India setting out the new policy proposed to be adopted by them with regard to the purchase of stores. In that letter my Committee emphasis-

ed that there should be no Stores Department in London but only a Subordinate Inspecting Agency with the necessary technical staff and that all purchases should be made by tenders called for in this country for goods to be delivered at the point of consumption in this country and in the currency of this country. This particular point of view was emphasised by my Committee in the several other communications which have been addressed by them time after time subsequent to their letter of 1921. They are happy to say that it was even embodied in a resolution adopted by the Legislative Assembly on the 14th February 1924. Notwithstanding all this clear expression of the views of the business community and the representatives of the people, Government of India have remained unfortunately inert and unresponsive. You may not be unaware, Sir, of the fact that with regard to this question even the European commercial view point is the same as the Indian viewpoint. Sir Campbell Rhodes in his note appended to the Report of the Railway Industries Committee clearly observed that his chief objection to the Stores Purchase Rules was centred in rule 3 which appeared to arrogate to the Stores Department in London an authority inconsistent with India's freedom of action in the matter of purchases for her own requirements. At the annual, general meeting of the Associated Chambers of Commerce of India and Ceylon held on 15th and 16th December 1924, the following resolution was adopted by a majority of the Chambers present :—

"That the present system under which stores are purchased for Government requirements in India by the Indian Stores Department and other purchasing authorities, and in the United Kingdom by the Director General of Stores, is not in the best interests of this country; that for it there should be substituted a system of rupee tender in India for delivery in India, with publication of results in every case; and that this system should be administered exclusively by the Indian Stores Department, and other purchasing authorities in India, where arrangements should be made for the requisite test and inspection of the goods purchased, and payment therefor."

The Third Session of the Indian Industrial and Commercial Congress recently held at Delhi, which was attended by representa-

tives of all the leading Indian Chambers of Commerce and Commercial Associations, passed a resolution that tenders should be invited in India and in Indian currency. It was, therefore, a matter of deep pain to my Committee when they read the reply given by you, Sir, to an interpellation of Mr. Sarfaraz Hussein Khan on 21st February last. You were pleased to observe that the adoption of the system recommended by the Legislative Assembly and by this Chamber would be quite impossible without undue sacrifice of economy and also without incurring undue risk of unsatisfactory quality. My Committee fear that the reply begged the question. What is wanted is that Government should adopt the lowest satisfactory tender but that the price indicated in such tender should be not in foreign currency but in Indian currency and include all charges including Customs duties upto delivery in India. We are unable to understand how there can be any sacrifice of economy in accepting such lowest satisfactory tender and will be glad to have a clear indication of what Government have in mind, so that they can, as businessmen, see whether any sacrifice was really entailed. My Committee have addressed a communication to your Department with regard to this question but have upto this time received no reply. They, however, take this opportunity of your presence amongst us to once more urge on your attention this view not without a hope that the Government of India will at an early date adopt the system so very widely recommended.

2. I should now like to draw your attention to another aspect of the same question viz. Stores Purchase Rules published by the Government with their resolution dated 6th May 1924. It was deplorable indeed that in the preparation of these rules the Government were guided not by the majority report of the Stores Purchase Committee but by the minority report. My Committee had protested against such a procedure in their reply to the Government despatch of 1921 and their fears were justified by the entirely unsatisfactory nature of the rules promulgated by the Government. It is sometimes said that critics of the Government rest content with merely destructive criticism and have no constructive proposals to put forward. In order to avoid such a charge my Committee at great

trouble went into all the details of these rules and preparted quite a new set of Stores Rules which they submitted to the Government. More than fifteen months have passed since then and yet beyond a bare acknowledgment there is no reply from the Government.

3. My Committee have several times drawn the attention of the Department to the very flimsy excuses which are sometimes put forward in the statement published by the High Commissioner for India to explain why lowest tenders were not accepted. Thus for example, there is an item of Portland cement in the last statement, the total amount of contract being £11,100, the lowest tender not accepted being for £9,900. My Committee are, in the first place, amazed at any indent going from India for cement outside this country! They need not tell you that one of the main reasons for the depression in the cement industry is over-production, the total production of cement here being about six hundred thousand tons against the total requirements of about four hundred thousand tons. That it should still be possible for indents for cement being sent outside the country shows that there is something grievously wrong with the Stores Rules and the administrative control exercised over the purchases of indenting officers. Even while the order was placed outside India the indenting officer must have not only cement of British manufacture but also one of the Associated Portland Cement Company's old established brands with the result that the taxpayers of this country had to pay about £1,100 more for his particular whim and fancy. There is another item which is also deserving of your attention *viz.* Pugri cloth. Surely, India can supply all the textile requirements of the Government as she did during the time of the War, and yet an order for Pugri cloth was placed for an amount of £13,775 and odd. Not only orders are thus placed for articles which can be secured in this country but preference is given, and a very decided preference too, to articles of British manufactures and lowest tenders rejected on the grounds generally of 'urgent delivery', &c. Time has now come when the Government of India should exercise a more rigid control over all such vagaries in Stores Purchase.

4. My Committee would like to draw your attention to the Classified List of Stores being published by the Government of India time

after time. It is a list of stores intended for by the Government Departments in India on the Director General, India Stores Department, London. Several of our members have drawn the attention of my Committee to the practical value of this classified list being greatly discounted through there being no prices given in the list. My Committee, therefore, addressed your Department with regard to this matter suggesting that the item of prices should be included in this list as it would then be possible for merchants to make their own calculations as to whether they are in a position to supply at more favourable prices either from local manufactures or by imports from foreign countries. Government are already following the practice in the matter of stores purchased by the Chief Controller of Stores in India whose purchases are reported in the Indian Trade Journal. They, however, have replied to my Committee that it is not possible to give the prices in the clasified list excepting in those cases where simultaneous tenders are called for in India and the United Kingdom. There is no reason why in other cases also the prices cannot be given. What is needed is simply a report from the High Commissioner of the prices at which every indent is placed and of which the Chief Controller already gets copies. It would then be just as easy to give details of such orders placed by the High Commissioner as it is now possible to do for orders placed by the Chief Controller here.

5. An act was passed in 1924 abolishing the proviso to Section 20 of the Sea Customs Act and thus preventing Government stores being imported free of Custom duty. The Government of India, however, entered into an arrangement with the Provincial Government whereby the former repaid to the latter the duty on Government stores imported by them. This arrangement was contrary to the spirit of the recommendation made by the Fiscal Commission and the Hon'ble Sir Charles Innes implied that it was a temporary arrangement when in introducing the Bill further to amend the Sea Customs Act he said :

> "We have decided therefore for the present at any rate to make arrangements whereby the amount of duty levied on goods imported by Local Governments, belonging to Local

Governments, will be recorded in the Customs Offices and at the end of each year a refund will be made to the Local Government of that amount."

The Hon'ble Sir Basil Blackett also in his speech introducing the Budget for 1925–26 admitted that the arrangement was unsatisfactory and was "open to the grave objection that it defeated an essential purpose of Indian policy which was one of the main justifications for the passing of the aforementioned Act in that, whatever procedure was adopted, it still paid a Provincial Government to buy stores in England and get the duty refunded by the Central Government, rather than to buy in India at the import price plus duty." The arrangement was discontinued in the case of some Provinces from 1st April 1925, but the arrangement with the Government of Bombay is still in force. This arrangement, though it gives to the Bombay Government a few lakhs of Rupees, leads to the following adverse results :—

(1) The Provincial Government is naturally averse to inviting tenders from indigenous manufacturers and give them a chance to compete successfully against imported articles.

(2) Even if quotations of indigenous manufacturers are received, and are competitive, the Provincial Government still has the strongest temptation to buy the foreign articles as it knows that the duty will be refunded and its cost will therefore be ultimately so much lower.

My Committee are confident that such a result was never intended by Government when they agreed to the refund and will welcome any statement from you throwing light on the subject.

6. My Committee are very much concerned that despite the strong and emphatic recommendation of practically all the leading Indian Chambers of Commerce for the nomination of an Indian as Delegate of Employers at the forthcoming 8th and 9th sessions of the International Labour Conference, Government have not thought it fit to accept this recommendation, but have appointed a non-Indian as delegate both at the 8th and 9th sessions and have also appointed

a non-Indian as his adviser at the 9th sessions. As my Committee have already addressed your Department in this behalf such an appointment goes contrary not only to the spirit of the constitution of the International Labour Conference but also to the spirit of the resolutions passed by the Indian Legislature. It was only recently that the Hon'ble Mr. Phiroze C. Sethna emphasised this point in his resolution moved in the Council of State. It is but fitting and proper that India should have her own nationals to represent her at all the International Conferences. With regard to a Conference of the nature of the International Labour Conference it is humiliating to the Industrialists of the country that excepting on one occasion the Government have not found any capable Indian employer to represent the interests of employers. Excepting in the case of this country every other member of the Labour Conference is represented by its own nationals and there is no reason why the same convention should not apply even in the case of this country. My Committee propose in collaboration with other Indian Chambers to protest to the Credentials Committee of the International Labour Conference against the appointment of Sir Arthur Froom, who represents a concern not registered in India and with all its ships also registered in the United Kingdom, as representative of Indian employers at the forthcoming 8th and 9th sessions, and to show to the delegates of the different nations assembled there how the Government of India stray wide apart from the spirit of that Conference in its various nominations.

7. Before I conclude, my Committee would desire me to interest you in the question of the reduction of Postal charges, specially with regard to the Postcard, a question so very important not only to the business community but also to the masses in the land. Ever since this increase has been effected, protests have been going up from different organisations and my Committee do not think that the increase of Postal charges on the popular Postcard has found favour with any section of the public. The Postal Service is rightly regarded as a service of civlisation and culture and looking to the great leeway we have still to make up in this country with regard to education and literacy the action of the Government of India in penalising the

Postcard is one which cannot be called worthy of a Government. We hope, Sir, that at the time of the next Budget you will exert your influence in getting the Postal charges reduced on the one anna envelope as well as on the Postcard, but specially the latter.

With these words I again thank you on behalf of my Committee, for this visit and hope that it will be followed by several others.

Reply of Sir B. N. Mitra.

On the subject of rupee tenders, Sir B. N. Mitra stated that the Government of India had not remained inert and unresponsive in regard to the resolution adopted by the Legislative Assembly on the 14th February, 1924; but that the subject had been receiving their most careful consideration in the last fifteen months or so. He explained that there was a certain amount of misapprehension on the subject of the present position of the Indian Stores Department in London which was now under the High Commissioner for India in London, who himself was an agent of the Government of India. The Government of India's difficulties in connection with the question of rupee tenders were fully stated in the reply which Sir B. N. Mitra gave in the Legislative Assembly to a question asked by Khan Bahadur Sarfaraz Hussain Khan on the 21st February last; and he explained how the adoption of an indiscriminate system of rupee tenders might result in an undue sacrifice of economy and an undue risk of unsatisfactory quality. He stated that the reason why the Government of India were unable to accept the set of Stores Purchase Rules submitted by the Committee of the Indian Merchants' Chamber in 1924, was that those rules were based on the acceptance of the system of rupee tenders. Sir B. N. Mitra also observed that Provincial Governments of Governors' Provinces had now full powers in regard to the purchase of stores required by them; and that if those Governments were satisfied that the system of rupee tenders was desirable in regard to such purchases, there was nothing to prevent them from taking action in that direction.

In regard to the purchase of certain articles through the Indian Stores Department in London, to which attention was drawn by the

Committee of the Indian Merchants Chamber, Sir B. N. Mitra stated that Government could not accept the proposition that wherever articles of local manufacture were available, they should purchase them in preference to imported articles irrespective of quality and cost, and he doubted whether a body of businessmen like the Indian Merchants' Chamber desired seriously to support such a proposition. He observed that preference for particular brands was not unknown in the trade, though the cost of articles of such brands might be somewhat higher than those of other brands which might be equally good. He further explained that a careful control was being exercised by the Government of India over all purchases made by the Central Government through the Indian Stores Department in London.

In regard to the Committee's suggestion relating to the classified list of stores published by the Government of India, Sir B. N. Mitra explained that those suggestions would not result in any practical advantage of appreciable value, while they would involve in an increase in the staff of the Indian Stores Department in London as well as of the Indian Stores Department in India.

As regards the alleged effect of the arrangement under which the Government of India refund to certain Provincial Governments the amount of customs duty levied on goods imported by them, Sir B. N. Mitra doubted whether Provincial Governments, which were as such interested in the development of indigenous industries as the Government of India, were making any considerable use of the arrangemant in the manner suggested by the Comm ittee and to the detriment of of indigenous industries. As has however, been admitted by the Committee, the Government of India have not overlooked the possibility of an abuse in this direction, and they are watching the situation and are taking such action as is compatible with their commitments to Provincial Governments in connection with other arrangements.

In regard to the nomination of an Indian as delegate of employers at the forthcoming 8th and 9th sessions of the International Labour Conference, Sir B. N. Mitra explained that the action taken by the Government of India was fully in accordance with article 389

of the Treaty of Versailles and the legal interpretation placed on it at the Washington Conference. As he had already explained in his reply to a question asked by Mr. B. Das at the Legislative Assembly on the 24th March last, it was not open to the Government of India to have taken any other action in the matter.

On the subject of the reduction of postal charges, Sir B. N. Mitra observed that as he had already explained fully on several occasions in the Legislative Assembly, the reduction was not an economic proposition at the present moment. The only way in which it could be done was by means of a substantial subsidy from the general tax-payer to the Indian Posts and Telegraphs Department. He could see no justification for this subsidy and he doubted whether a body of businessmen like the Indian Merchants' Chamber would seriously support such a subsidy.

APPENDIX 116.

INTERVIEW WITH Mr. A. R. L. TOTTENHAM.

The Committee had an interview with Mr. A. R. L. Tottenham, First Member, Central Board of Revenue, on Saturday, 4th September 1926, when subjects regarding (1) abolition of Company Super-tax, (2) present method of assessment of Income-tax on property, (3) refund of Income-tax to subjects of native states, (4) amalgamation of incomes of husband and wife for purpose of income and Super taxes and (5) practice of local Income-tax Office of taking down notes from account books of merchants were discussed.

APPENDIX 117.

INTERVIEW WITH THE HON'BLE Mr. G. L. CORBETT, SECRETARY TO THE GOVERNMENT OF INDIA, DEPARTMENT OF COMMERCE.

The Committee had an interview with the Hon'ble Mr. G. L. Corbett, Secretary to the Government of India, Department of

Commerce on the 12th October 1926 when subjects re: (1) Indian Insurance Companies Bill (2) Report of the Indian Mercantile Marine Committee (3) Lighthouses Administration Bill and (4) Embarkation and Landing facilities at minor ports were discussed with him.

APPEDIX 118.

INTERVIEW WITH Dr. D. B. MEEK, O.B.E., M.A. D.Sc., DIRECTOR-GENERAL OF COMMERCIAL INTELLIGENCE AND STATISTICS, INDIA, CALCUTTA.

The Committee had an interview with the Director-General of Commercial Intelligence and Statistics, on Monday the 29th November 1926 to discuss the Tariff Valuations for the year 1927.

(I) GENERAL.

APPENDIX 119.

PROPOSED NEW SIZES OF REGISTRATION ENVELOPES. No. T.-102, dated 18th January 1926.

From Chamber to the Director General of Posts & Telegraphs, Calcutta.

Sometime back my Committee had occasion to express surprise at their not having been consulted with regard to the specimen of a new telegram form which was proposed to be introduced by your Department. In reply to this a letter was received from you saying that "the omission to address this Chamber was regretted." Since then another instance of this *omission* has come to the notice of my Committee and this is with regard to the new size embossed registration envelopes which are sent to some Chambers for their opinion. My Committee have not received these proposed envelopes for their

consideration and will be obliged if you will kindly let them know why they were not consulted and also if you will kindly send now these registration envelopes for their inspection and any remarks they may choose to make.

From Director General of Posts and Telegraphs to Chamber.

With reference to your letter No. T.-102 dated the 18th January 1926, I am directed to say that the Director General greatly regrets the omission pointed out which was inadvertently made by this office.

2. I am now to enclose a copy of this office letter No. 1327-R. dated the 26th November last addressed to different public bodies in India and Burma and to say that the Director-General will be much obliged if your Chamber will favour him with their opinion on the proposals made therein.

Posts and Telegraphs.

From

The Director-General of Posts and Telegraphs,

To,_____

No. 1397-R.-25 Calcutta, dated the 26th November 1925,

Subject:—Proposed introduction of enlarged sizes of embossed registration envelopes.

Gentlemen,

The embossed registration envelopes sold by the Indian Post Office are at present of two sizes, viz. (1) 6¾" x 3½" and (2) 10" x 4½". There is not much demand for the smaller size while the larger size is not, it is understood, large or wide enough for commercial purposes. In order to popularise the envelopes as well as to meet a

demand for a size that will take an ordinary bank pass book, it is proposed to abolish the present sizes and to introduce in their place the following three sizes corresponding to sizes now sold by the British Post Office :—

A.	6"	x	3¾"
B.	8"	x	5"
C.	11½"	x	6"

2. A charge of ½ anna and 1 anna is made for stationery on the existing smaller and the larger sizes respectively at present in use. It is proposed to retain these charges in the case of the new envelopes of the sizes A and B and levy a charge of Rs. 0-1 3 in case of size C.

3. The Director-General will be obliged if you will favour him with an expression of the views of your Chamber on the above proposals.

I have the honour to be,
Gentlemen,
Your most obedient servant,
Sd, A. N. ROY,
Offg. Asstt. Director-General.

No. T.-267, dated the 4th February 1926.

From Chamber to the Director General of Posts & Telegraphs, Calcutta.

I am directed to acknowledge receipt of your letter of the 23rd January 1926, No. 1397-R 25, with its enclosures.

My Committee have fully considered the suggestions made by you in your letter of 26th November 1925, No. 1397-R./25. They welcome the proposed introduction of the 3 new classes of Registration envelopes, but cannot agree with the charges proposed to be

levied for the same. The new class A. and B. will be smaller than the existing classes, while the third class will be bigger. My Committee, therefore, suggest that the new class B may be charged nine pies and the new class C may be charged one anna. This suggestion will appear, my Committee hope, to be reasonable as the classes A and B are much smaller than the existing classes and there will not be any necessity for increasing the maximum rate charged at present viz. one anna under the new arrangements.

APPENDIX 120.

PUBLIC PROTEST MEETING AGAINST THE ASIATIC BILL OF THE UNION GOVERNMENT OF SOUTH AFRICA UNDER THE AUSPICES OF THE IMPERIAL INDIAN CITIZENSHIP ASSOCIATION.

Bombay, dated 11th January 1926.

From the Imperial Indian Citizenship Association to Chamber.

The Council of this Association has resolved to hold a public meeting on Friday, the 15th instant at 6 P. M. at the Excelsior Theatre to protest against the impending Asiatic Bill of the Union Government of South Africa, and to accord general support to the South African Indian Deputation now in Bombay. As the matter is of very great importance to India, my Council has asked me to request you to join in convening this meeting. Other Associations have been similarly asked; and the expenses of and incidental to the meeting will be divided equally among the conveners.

If your Association decides to join, will you kindly nominate a representative to act on the sub-committee formed for the purpose of drafting the resolutions and making other arrangements regarding the meeting.

Kindly regard this matter as most urgent.

No. T. 76 dated 13th January 1926.

From Chamber to the Imperial Indian Citizenship Association Bombay.

I am directed to acknowledge receipt of your letter of the 11th instant and to inform you that the Committee to this Chamber will join your Association in convening the public meeting proposed to be called by you.

Mr. Lalji Naranji will represent my Committee on the Sub-Committee formed for the purpose of drafting resolutions and making other arrangements regarding the meeting.

APPENDIX 121

PREVENTION OF PROFESSIONAL BEGGARY IN BOMBAY.

No. 7237 C. Bombay Castle, dated 6th April, 1926.

From the Government of Bombay, General Department to Chamber.

I am directed to forward herewith a copy of the report* by Mr. D. H B. Start, I. C. S., on the measures for the prevention of beggary in Bombay City and to request that Government may be favoured with the views of the Chamber on the various proposals made therein at an early date.

No. T. 1264, dated 10th June, 1926.

From Chamber to the Under-Secretary to the Government of Bombay General Department Bombay.

With reference to your letter of the 8th April 1926, No. 72-73-0, I am send hereby the views of the Committee of this Chamber.

*Not Printed. Vide File No. R. 59 of 1926.

They have considered the report of the special Officer appointed by the Government of Bombay re: beggary problem of Bombay and are of opinion that looking to the general social conditions and sentiments it is not desirable to give effect to the various suggestions made therein. The financial aspect of the beggary prevention scheme is also, in their opinion, serious, because the present financial situation of the Presidency would not admit of any further expenditure.

APPENDIX 122.

REDUCTION IN RATE OF MONEY ORDER COMMISSION.

No. T-1181, dated 28th May 1926.

From Chamber to the Government of India Department of Industries and Labour, Simla.

I am directed by the Committee of this Chamber to approach the Government with a request that they will be pleased to reconsider the question of reducing Money Order charges on amounts below rupees 10. In a country like India which is both poor and illiterate the masses of people in general and the trading community in particular should be encouraged to take full benefit of the Post Office facilities and the latter should therefore keep its charges in such proportions that they may not look or actually be unreasonable or unfair. My Committee are therefore of opinion that the Post Office should revert to the one anna commission for Money Orders upto rupees five—a system which was in vogue from 1902 to 1921.

My Committee may also be allowed to point out that the postage for a parcel of 40 tolas is only three annas and the Post Office forwards the Potal receipt of its safe delivery to the addressee, whereas for a parcel of books weight 40 tolas the charge is four annas.

No. 23-P.O., dated Simla, the 9th July 1926.

From Government of India, Department of Industries and Labour (Posts and Telegraphs) to Chamber.

In continuation of my letter No. 23-P.O., dated the 11th June 1926, I am directed to say that in view of the increase in wages and expenses, it would not pay the Post Office to charge less than two annas commission for the work involved in dealing with a money order. The Government of India therefore regret that they are unable to agree to the proposal to restore the one anna commission rate for money orders up to Rs. 5.

2. With regard to paragraph 2 of your letter I am to point out that in cases where the parcel rate is more favourable than the packet rate it is open to the sender to send the articles by parcel post. I am to add that for an unregistered parcel the Post Office gives no receipt for its safe delivery to the addressee; if an acknowledgment from the latter is asked for, the sender must pay additional fees namely two annas for registration and one anna for the acknowledgment.

APPENDIX 123.

BILL No. V OF 1926 TO AMEND THE CITY OF BOMBAY POLICE ACT 1902.

(SHOOTING OF INJURED AND DISEASED ANIMALS IN PUBLIC PLACES.)

Bombay Dated 27th July 1926.

Telegram from Chamber to Lalji Naranji Esq., Poona.

"Chamber emphatically against killing of Animals under any condition in public places in the City of Bombay and urge that the Bill be modified to provide immediate removal by the owner or the police of such Animal to the Panjrapole or Veterinary Hospital, Inchambu."

APPENDIX 124.

INDO-EUROPEAN TELEGRAPH DEPARTMENT OF GOVERNMENT OF INDIA.

No.—T. 1424 7th July 1926.

From Chamber to the Government of India, Department of Industries and Labour, Simla.

I am directed by the Committee of this Chamber to remind the Government of India of the following statement occurring in the Report of the Inchcape Committee with regard to the Indo-European Telegraph Department:—

> "We are informed that the Government of India have proposed the immediate Transfer of the control of the Department from the Secretary of State to the High Commissioner and an enquiry into the question whether the work of the Department cannot be carried on by the Indo-European or some other British Company."

Sir Purshotamdas Thakurdas, a member of that Committee, disagreed with regard to the latter part of their proposals and apparently it was afterwards dropped. He, however, strongly supported the proposal to transfer the control of the Department to the High Commissioner. In fact the Government of India themselves had desired by a Despatch dated the 20th July 1922 that the control should be transferred to the High Commissioner in London. Sir Purshotamdas went, however, further and urged that in the interests of efficient management and better control over expenditure the Headquarters of the Department should be with the Government of India at Delhi. My Committee are extremely sorry that nothing has been done by the Government of India to realise in practice the two suggestions referred to above;—

(1) Transfer of the control of the Indo-European Telegraph Department to the High Commissioner;

and

(2) Removal of Headquarters of the Department from London to Delhi.

In the meanwhile, it is found that while the Indo-European Telegraph Company have been able to declare a dividend of as much as 10 per cent for year, the Hon. the Finance Member of the Government of India in his last Budget speech referred to the operations of the Indo-European Telegraph Department in the following sentence:—

"To complete the picture I must add that owing to a reduction in traffic we expect, in addition, a loss of 6·7 lakhs in 1926-27 on the working of the Indo-European Telegraph Department."

2. My Committee will be obliged if Government will be pleased to explain the discrepancy that has been pointed out above viz, that while the Indo-European Telegraph Company itself can make very handsome profits the Indo-European Telegraph Department of the Government show a heavy loss. My Committee will be glad to have some explanation of this anomalous situation and in the meantime would urge that Government be pleased to transfer the control of the Department from the Secretary of State to the High Commissioners and to remove the Headquarters from London to India.

No. 22-T. Dated Simla, the 25th August 1926.

From Government of India Department of Industries and Labour (Posts and Telegraphs Branch) to Chamber.

In continuation of my letter No. 22-T., dated the 5th August 1926, I am directed to invite the attention of the Committee of your Chamber to the replies given at the meeting of the Council of State held on the 18th August 1926 to the questions by the Hon'ble Mr. Manmohandas Ramji relating to the Indo-European Telegraph Department. These replies furnish all the information on the points raised in your letter No. T. 1424 dated 7th July 1926 that the Government of India are at present in a position to supply.

APPENDIX 125.

INSULTING ATTITUDE OF THE MANAGER OF THE KOBE BRANCH OF THE HONGKONG AND SHANGHAI CORPORATION TOWARDS INDIAN MERCHANTS. (MESSRS N. FUTEHALLY & Co's., LETTER RE.)

No. T-2158, Dated 30th October 1926.

From Chamber to the Chief Manager, Hongkong and Shanghai Banking Corporation, Hongkong.

The attention of the Committee of this Chamber has been drawn to the correspondence which has passed between a Member of this Chamber and the Manager of the Kobe branch of your Bank. My Committee will be much obliged if you will kindly let them know if the allegations made by Messrs. N. Futehally and Sons, the member above referred to, are true. If they are true, my Committee will be deeply pained to learn that the words complained of were really used by the responsible head of the Kobe Branch of a leading Banking institution like yours, which has such a large clientelle in the Indian commercial community for many years. Your Bank is a commercial institution enjoying a reputation among the Indian commercial community and my Committee regret that any situation should arise wherein a responsible official of such an institution should use not only discourteous but abusive words towards Indians.

My Committee request you, therefore, to be good enough to enquire into the matter and take suitable action to prevent a repetition of such undesirable episodes in the future.

No. T-2158, dated 27th November 1926.

From the Hongkong and Shanghai Banking Coporation to Chamber.

I am in receipt of your favour of 30th October and, in reply, would inform you that, on receipt of Messrs. N. Futehally and Sons' complaint in June last year, same was promptly referred to our Kobe Manager who, while expressing his regret that, in the heat of the moment, he had been in any way discourteous, explained that his remarks had been personal and in no way general.

I would add that courtesy to all constituents, irrespective of nationality, is one of our strictest rules and I can safely assure you that such a regrettable incident will not recur.

APPENDIX 126.

EXHIBITION OF POOR INDIANS IN GERMANY.

No. T. 1950, dated 29th September 1926.

From Chamber to the Government of India Department of Education Health and Lands, Simla.

The Committee of this Chamber will be greatly obliged if the Government of India will be pleased to reply to the following questions :—

(1) Will the Government be pleased to inform if their attention has been drawn to photographs which appeared in "The Indian Daily Mail" of 5-8-26 and the telegrams which appeard in the Indian Press regarding the employ-

ment in Germany of several Indians, men, women, and children, by a German?

(2) If so, will they be pleased to inform how passports came to be issued to all these men, women and children?

(3) What was the business stated in their passport?

(4) From which port did all these people embark and by which steamer did they travel from India to Germany?

(5) Is it a fact that all these Indian men, women and children are kept in Germany in the Zoo-Gardens in all their rags and are paraded in the streets of Berlin?

(6) What are the daily wages paid to all these men, women and children?

(7) Is it a fact that they are paid bare subsistence wages and their economic condition in Germany is miserable?

(8) Have the Government of India taken any steps through their Diplomatic Officers to draw the attention of the German Government to the condition of these men, women and children? If not, why not?

(9) Do the Government of India realise that this paradin of half-clad Indian men, women and children in the streets of a foreign country is an insult to the national self-respect of Indians?

(10) Will the Governmet of India be pleased to say if all these men, women and children have been taken to Germany to show the kind of people who are still living in India after more than a century and a half of British rule?

(11) What steps, if any, do the Government of India contemplate taking to put a stop to this show and to bring back all these Indian men, women, and children to India?

No. D.-3166, Date Delhi, the 3rd December 1926.

From Government of India, Home Department (Political) to Chamber.

In continuation of the Home Department letter No. D.-2887/26, dated the 25th November 1926, I am directed to forward for the Chamber a copy of a Press Communique issued on the subject.

Press Communique.

Highly coloured stories have appeared in the Indian Press regarding an exhibition given by Indians which was held in the Zoological Gardens in Berlin. Not only was it alleged that this troupe of Indians was badly paid and treated, but it was suggested owing to the fact that the exhibition was held at the Zoo, that the Indians were exhibited "as if they were a new species of quadrupeds" and the matter was represented as an outrage on India's national honour.

2. On seeing these accounts the Government of India made enquiries from the Secretary of State as to the actual facts, and a report has now been received through His Majesty's Ambassdor in Berlin. From this report it appears that a troupe of Indians consisting of 96 persons, including men, women and children gave a show in Berlin from July 2nd till October 7th. The show consisted of a representation of an Indian village together with dancing, singing snake charming and other performances. While some engaged in their home trade occupations of weaving, embroidery, basket-making, silver and brass working, carving etc., The wares produced were sold to the public and found a ready market. The show took place in a portion of the Zoological Gardens which the authorities rented to the organiser, and a special fee was charged to those entering these grounds, which were railed off from the rest of the Gardens. It is clear therefore that there is no kind of foundation for the suggestion that the Indians were exhibited along with animals or that the showing was regarded as anything but what it was, namely a theatrical representation of Indian village life together with a number of side shows.

3. With regard to the allegations of ill-treatment it is stated that reasonable arrangements, approved by the German police, were made for accommodation, sanitation etc., and the members of the troupe appeared quite happy and contented, which is born out by photographs which have been received. The members of the troupe were engaged at salaries from Rs. 20 to Rs. 50 a month, plus free board and lodging and medical attendance. In addition they received 30 per cent commission on the sales of wares produced by them, and it appears that in some cases these commissions amounted to substantial sums.

4. It is clear that many of these persons were recruited in Ceylon under a safeguarding system whereby a deposit of Rs. 300 is required by Government for each person engaged as a guarantee of repatriation and good treatment. It also appears from the report that some were recruited in Madras under the provisions of the Indian Emigration Act. The troupe has now been broken up and the majority of them were sent back to Ceylon or India in October.

Delhi, the 1st December 1926.

APPENDIX 127.

CHAMBER'S REPRESENTATIVE ON THE INDIAN CENTRAL COTTON COMMITTEE.

Bombay, dated 2nd September 1926.

From Lalji Naranji Esq., to Chamber, Bombay.

As Sir Purshotamdas Thakurdas has returned from England, I hereby resign from the Indian Central Cotton Committee, which you will please note.

No. T.-1829 dated the 7th September 1926.

From Chamber to Lalji Naranji, Esq., M. L. C., Bombay.

I beg to inform you that your resignation as the Chamber's representative on the Indian Central Cotton Committee has been accepted.

No. T. 1828 7th September 1926.

From Chamber to Purshotamdas Thakurdas, Kt., C.I.E. M.B.E. M.L.A. Bombay.

I am directed to inform you that you are nominated as this Chamber's representative on the Indian Central Cotton Committee in place of Mr. Lalji Naranji, resigned.

No. T. 1830 7th September 1926.

From Chamber to the Indian Central Cotton Committee, Bombay.

I am directed to inform you that Mr. Lalji Naranji this Chamber's representative on your Committee has sent in his resignation and my Committee have nominated Sir Purshotamdas Thakurdas, Kt., C.I.E., M.B.E. M.L.A., in his place.

No. 153 of 1926. Dated Bombay 13th September 1926.

From Indian Central Cotton Committee Bombay to Chamber.

I have the honour to acknowledge your letter No. T. 1830, dated the 7th of September 1926, and to say that the Government of India have been asked to nominate Sir Purshotamdas Thakurdas in the place of Mr. Lalji Naranji as your Chamber's representative on the Committee.

APPENDIX 128.

DEATH OF SIR MAHOMEDBHOY HAJIBHOY LALJEE, KT.

No. T. 535 dated 3rd March 1926.

From Chamber to Bandeally Hajibhai Laljee, Esq., Bombay.

I am directed by the Committee of this Chamber to express their deep sorrow at the death of your brother, the late Sir Mahomedbhai Hajeebhai Lalji, who was for long a respected and leading member of the Chamber and was also for sometime a member of its Committee. In Sir Mahomedbhai Hajibhai the Indian commercial community has lost one of its leading lights and my Committee beg to proffer to to you their heartfelt condolences in your bereavement.

No. T. 536 dated 3rd March 1926.

From Chamber to Husseinbhai Mahomedbhai Esq., Bombay.

I am directed by the Committee of this Chamber to express their deep sorrow at the death of your father, the late Sir Mahomed bhai Hajibhai Lalji, who was for long a respected and leading member of the Chamber and was also for sometime a member of its Committee. In Sir Mahomedbhai Hajibhai the Indian commercial community has lost one of its leading lights and my Committee beg to proffer to you their heartfelt condolences in your bereavement.

Bombay, 3rd March 1926.

From Hussienbhai Mahomedbhai Esq., to Chamber.

I am highly obliged to you and the members of the committee for their very kind message of sympathy in my recent sad bereavement.

Bombay, dated 4th March 1926.

From Bandeally Hajibhai Esq., to Chamber.

On behalf of the members of our family and myself I am to thank you and all the members of the Bombay Merchants Chamber for their very kind and sympathetic letter in our recent sad bereavement.

APPENDIX 129.

DEATH OF MR. R. D. TATA OF MESSRS. TATA SONS & CO.

No. T. 1780. 31st August 1926.

From Chamber to Sir Dorab Tata, Kt. Bombay.

I am desired by the Committee of this Chamber to send to you their heart-felt and deep condolences on the death of your cousin Mr. Ratan D. Tata of Messrs. Tata Sons and Co. In Mr. Ratanji Tata not only the City of Bombay and the Bombay Presidency but the whole of India has lost a distinguished leader of commerce and industries, a man of far-sighted vision and an earnest and sincere patriot. He had rendered conspicuous services to the cause of his country, specially in the sphere of trade and industries and my Committee have put on record their deep sense of the loss the country has suffered through his death.

No. T. 1781 31st August 1926.

From Chamber to Jehangir R. D. Tata, Esq., Bombay.

I am desired by the Committee of this Chamber to send to you their heart-felt and deep condolences on the death of your father, Mr. R. D. Tata of Messrs. Tata Sons and Co. In Mr. Ratanji

Tata not only the City of Bombay and the Bombay Presidency but the whole of India has lost a distinguished leader of commerce and industries, a man of far-sighted vision and an earnest and sincere patriot. He had rendered conspicuous services to the cause of his country, specially in the sphere of trade and industries, and my Committee have put on record their deep sense of the loss the country has suffered through his death.

No. 2028 3rd September 1926.

From Sir Dorabji J. Tata to Chamber.

I have to thank your Committee for the kind message of condolence conveyed by you on the death of my cousin Mr. R. D. Tata. Mr. Tata's family, my partners and I greatly appreciate the glowing tribute paid to him. Although it has been a serious loss to us it is comforting to know that his good qualities were so widely known and appreciated.

Bombay House, 1st September 1926.

From Jehangir R. D. Tata, to Chamber.

Please convey to the Committee of your Chamber my sincere thanks for their kind message of sympathy on the death of my father.

APPENDIX 130.

CHAMBER'S REPRESENTATIVE ON THE IMPROVEMENT COMMITTEE.

No. Misc. 258-26, dated 8th April 1926.

From Bombay Improvement Trust to Chamber.

I have the honour to invite attention to Section 10 of this Act and to inform you that the first meeting of the Board has been called for Friday the 16th instant.

Under Sub-section (1) (c) of Section 10, the election of Members of the Improvements Committee by the Board and by your Chamber must be in accordance with regulations which those bodies may respectively frame.

Under Sub-section (3) the Board have to elect their Members at their first meeting and your Chamber must elect its representative within ten days thereafter.

It is possible that the Board having framed its regulations on the 16th will adjourn for three or four days to permit of nominations being made and circulated before the actual election takes place but in order to enable your Chamber to hold its election within the period of ten days I will inform you in due course on what date the Board will elect its Members.

No. Misc. 251-26 17th April 1926.

From Bombay Improvement Trust to Chamber.

With reference to my letter No. Misc. 258-26 dated 8th instant, I have the honour to inform you that the Board will hold their elections on Thursday next, the 22nd Inst. and that your election should take place with in 10 days thereafter.

2. As soon as your representative has been elected I shall be obliged if you will inform me in order that I may issue the necessary Notification in the Government Gazette.

No. T.-990, dated 23rd April 1926.

From Chamber to Bombay Improvement Trust, Bombay.

With referance to your letter of the 17th instant, No. Misc. 258-26, I beg to inform you that Mr. S. B. Billimoria, of Messrs. Billimoria & Co., has been returned unopposed as a representative of this Chamber on the Improvement Committee. His address is;—

Thacker's Bldg., 113, Esplanade Road, Fort, Bombay.

No. T, 999, dated 24th April 1926.

From Chamber to S. B. Billimoria Esq.,

I have to inform you that you are duly elected unopposed as a representative of the Chamber on the new Impovement Committee.

No. Misc. 253-26, dated 26th April 1926.

From Bombay Improvement Trust to Chamber.

I have the honour to acknowledge the receipt of your letter No. T. 930 dated the 23rd instant intimating that Mr. S. B. Billimoria has been returned unopposed as a representative of your Chamber on the Improvements Committee.

APPENDIX 131.

GENERAL MEETINGS OF THE CHAMBER.

Speech of Mr. Lalji Naranji, M. L. C., President of the Indian Merchants' Chamber, at the First Quarterly General Meeting of the Chamber held on Saturday, 1st May 1926 :—

Gentlemen,

I have much pleasure in placing before you to-day the record of work done by your Committee during the last three months being the first quarter of the official year of the Chamber.

The outstanding event of the last quarter was, if I may be allowed to say so, our holding a public meeting to protest against the Development Department muddle. I need not enter into the details of the sad and unedifying history of this Department as I have dealt with it at length in my speech at that public meeting. The resolutions passed at that meeting called for a Commission of Enquiry consisting of representatives of public bodies to enquire into the origin and activities of the Department and to apportion the relative blame and responsility for failure of the Backbay Realamation scheme and to suggest what steps should be taken to prosecute the

scheme or otherwise so as to minimise the losses as far as possible. The Government of Bombay have appointed a Committee of Engineers to go into the question of costs of filling up the blocks 1, 2 and 8 and to examine the estimates prepared by the Department. I do not know whether this examination is to include estimates of the receipts also because everyting depends on the anticipations for there being a a demand for an additional 100 flats a year at Rs. 450 per month and for land year by year be anticipated in the majority report. As this Committee contains men with experience of Bombay property values we shall all await their conclusions on this receipt side of the scheme with great interest. We may expect the publication of this report by about June. In the meanwhile, so far as the public are concerned, they are afraid that the Commission of Enquiry for which there was a practically unanimous demand on the part of the people and the business community specially, is not going to mature at all. It was a demand which was voiced not only from one section of the public but from all the different sections and even from the Bombay Legislative Council itself. The Government have not made any move in the direction of meeting the wishes of the people upto this time lending justification for the apprehension that they may not take any action at all and may continue their policy of hush-hush—a policy which is mainly responsible upto this time for all the disaster which has overtaken the activities of the Department. We are faced with the curious spectacle of everyone concerned trying to throw the responsibility on the shoulders of somebody else. It will not be to the enhancement of prestige of the Government to refuse to appoint any Commission of Enquiry. This Commission should have as its personnel reprentatives of Indian public bodies like this Chamber and its terms of reference should include not only the Backbay scheme but also the Suburban Development and the Tenements for Workmen Schemes, both of which, I fear, and specially the former, will disclose almost the same sort of mismanagement, miscalculations and extravagance which has been evidenced in handling of the affairs of this important Department. I need not assure you that your Committee will carefully watch every development which occurs with regard to this matter and will not fail to press forward the public view before the authorities. What

has to be borne in mind by the Government is that they should on no account, under the influence of wrong theories, have a Commission only of non-Bombay men as what is wanted in this case is thorough knowledge and experience of this City. All the money which has been wasted on this Department will not have gone in vain if the Government will even now realise that it is far better even as a business proposition to delegate the executive authority in the hands of the Ministers who will feel themselves responsible to the Legislative Council and so indirectly to the public. The whole manner in which the affairs of the Development Department have been handled strengthens the case considerably, to my mind, for a complete Provincial autonomy. The Development Department was from its very inception administered, as you all know, by the Reserved Departments, and so the fiction that Reserved Departments carry on their part of the Administration efficiently stands exploded.

It is due to the abnormally heavy burdens placed on the revenue of the Presidency by the Development Department and Schemes like the Sukkur Barrage as also want of adequate retrenchment in the usual expenditure that the Government of Bombay was faced with a deficit of about Rs. 70 lakhs at the time of the last budget. This deficit was met by increasing Court fees and Stamp Duty on transfer of property in the City of Bombay. You must have seen the tendency in recent times for the Government to call upon this City to subscribe to any additional expenditure that may be incurred by the Government and this City is expected to make up its losses. The additional taxation imposed by the Government on the presidency of Bombay in recent times was Rs. 91 lakhs and of which about Rs. 75 lakhs came only from the City of Bombay. This City is conveniently taken to be a milch-cow not only by the Government of Bombay but also by the Government of India. This attitude of the Government finds a support also from a few members of the Bombay Legislative Council coming from the mofussil districts. Bombay has never grudged putting up its fair share and even more than its fair share to the development of the Presidency and unofficially to the alleviation of distress whenever there is any in any part of the Presidency. Her charity and philanthrophy are well-known

but there is a limit to the taxable capacity even of Bombay and, as your Committee have time after time said, this taxable capacity has now reached its limit. His Excellency the Ag. Governor, when Finance Member of the Government of Bombay, pointed out that Bombay raised a revenue of approximately Rs. 7 per head while Bengal raised a revenue of Rs. 2 and Madras of Rs. 3-8. The share of Bombay in this amount of Rs. 7 must be large. The recent step, therefore, taken by the Government in saddling this City with an enhanced stamp Duty on transfer of property is yet one more burden added to the financial responsibility of this City. All such actions, if the Government are not warned in time, will be tantamount to killing the hen that lays golden eggs. It is natural perhaps for some of our friends in the mofussil to think that Bombay is best of everything when they see projects like the Development undertaken specially for this City. What is overlooked, however, is that it is the trade and industries of which this City is the centre that the prosperity of the whole Presidency depends on and that if the prosperity of this port is shaken through short-sighted measures and through ever-increasing burdens on the trade and industries of this City, the rural districts and the cities and towns in the mofussil will also be the sufferers.

Your Committee have several times dealt in the past with the piecemeal method in which the Government of India have taken to the suggestions of the Acworth Committee preferring to take those first which they themselves favoured and putting off those reforms that the public has been most strenuously asking for. My predecessors in this Chair have referred to this deplorable attitude in their speeches time after time. I am particularly referring to the question of the Railway Rates Tribunal on which so much emphasis was laid by the Acworth Committee and with regard to the early establishments of which the Government of India were so many times approached by the business community. Notwithstanding all this, the Government have only recently i.e, five years afer the publication of the report of Acworth Committee, chosen to take action in the direction of having a Railway Rates Tribunal, and even then have followed their usual tradition by

watering down the whole recommendation of the Acworth Committee and setting up a Railway Rates Advisory Committee according to a truly bureaucratic standard. It will not be a Tribunal whose decisions will have to be carried out but merely an advisory committee whose recommendations may or may not be accepted, and the whole constitution also is fixed up in such a manner as to create a just apprehension that the advisory Committee, like so many other advisory committees will not be able to effect anything substantial. Your Committee have disapproved the whole constitution of this Advisory Committee and expressed their fears that Government were moved to the course of action by pressure from the vested interests represented by the Company-managed railways through an unreasonable nervousness on their part regarding the effect of the so-called political considerations on rates. These protests had no effect again as usual on the Government and we may well take the Railway Rates Advisory Committee as a settled fact. Your Committee have, however, strongly urged that the Advisory Committee should at least have three permanent members of whom one must be an Indian businessman. This Committee may be supplemented for particular issues by one or two expert members from the panels if the Government think it necessary. The Railway Rates Tribunal is always considered a very important body in countries like Great Britain and the United States where it possesses immense powers, for it can directly influence development of trade and industries by its working. It may be, however, that what is regarded as a salutory characteristic of such a Tribunal in other countries is considered just the reverse by the authorities here and the difference in the terms of reference and the powers may be attributed to this difference in the mentality. Your Committee have followed very closely the working of this new Committee and expect co-operation and support from you all in the way of suggestions and recommendations, as also useful criticism.

Your Committee have always taken a very keen and vivid interest in the problem of Indians abroad and were a party to the convening of a big public meeting which was presided over by His Highness the Aga Khan. It is to some extent good news that the

two obnoxious Bills in the South African Parliament have now been postponed and that the South African Government has at last consented to consider the whole question at a Round Table Conference with the Government of India. We are not out of the woods yet, We, however, hope that this agreement to have the whole problem threshed out at a Round Table is but the first step which may lead in the direction of a perfect and satisfactory solution as between South Africa and India, but at the same time it may lead to nowhere. What is to be done at present, therefore, is to urge, as the Right Hon. Sriniwas Sastri has said, the desirability of the Indian representation at this Conference being a strong and reliable one as the whole success of the Conference may to a large extent depend upon them. The country should be thankful to Mahatma Gandhi, Mr. Andrews, Lord Reading, the Paddison Deputation, and Members of the Indian Legislature for dispersing at least for the present the clouds of gloom which hang over the Indian community in South Africa and promising an outlet of relief from our anxiety and troubles through the proposed Conference.

I shall now turn to another subject of equally great concern to this country. The Under Secretary of State for India made a mistake, it appears, when he replied to an interpellation in the House of Commons, that the Report of the Currency Commission might be published in April or May. The Report will, it seems, now be published somewhere by the end of June. In the meanwhile, the Government of India, instead of waiting for this report which is expected to settle many an outstanding question with regard to finance, currency and exchange, have again begun their favourite game of manipulation of exchange. Though the telegram addressed by your Committee to the Government of India was not despatched during the period under report but at a later date, I take the liberty of referring to it here, because of the great importance of the question. A cryptic Note in the daily press drew the attention of your Committee to a transfer which was made on the 6th April of rupees three crores from the Treasury balances of the Government of India in India to their balances with the Secretary of State in London through the Paper Currency Reserve. Your Committee were

afraid that this action of the Government was with a view to prevent exchange going back towards its pre-war level as it seemed to be doing. They plainly said in their above telegram that unless Government could demonstrate to the contrary the step taken by them must be considered in the nature of the Reverse Bills in its ultimate effect and analogous to similar transfers of 1922-23 with a view to raise exchange, because there had been no necessity proved of increasing the balances with the Secretary of State when he had got fourteen million and a half million pounds in hand at the end of March, nor was there any reason shown why such remittance could not be made in the ordinary way. The step taken also meant a depletion of our gold resources making more difficult the establishment of the Gold Standard which Indian opinion has unanimously asked for. There has since been a further rupees one crore of similar transfers, but this time without any announcement in advance, most probably because of the protests that the first operation had evoked.

The depression of trade, so far as Bombay is concerned, is unfortunately just as bad as ever. Anglo-Indian critics frequently call us prophets of pessimism, but the conditions, in which merchants engaged in several trades find themselves in Bombay, are really deplorable. Of the many contributory causes leading to this situation a careful study does not appear to have been made, and from this point of view the Government of India have failed to discharge one of their obligations, because in several other countries, particularly in the United Kingdom, more than one committee has sat to consider the factors leading to the disappearance of profitable activities in several trades. The prompt assistance rendered to industry and trade under the Safeguarding of Industries Act and the Trade Facilities Act finds no parallel here, and in spite of the formula of discriminating protection accepted by Government, many concerns in which the hard-earned saving of the people were invested have gone into liquidation or have been closed down. I will only refer to the outstanding case of several cement factories. The greatest of all industries, which has been hard hit, is, however, the textile industry and the fact that Government were so tardy in the abolition of the

Excise does not give grounds for great hopes that any radical measures would be taken by them for coming to the assistance of this premier industry. At the same time I hope that the negotiations, which are now going on for conditions, under which a comprehensive enquiry should take place in the textile industry, will mature and will lead shortly to the enunciation of a programme in more than one direction, by which Government can assist the Mills in Bombay, which give employment to so many people directly and indirectly support the prosperity of this great port. I hope the Government will not leave, as usual, to complain about the personnel, but will put people in whom the Indian commercial community can have implicit confidence.

Before I conclude, I cannot help referring to the tragic events which have been taken place in Calcutta. During the last few years these fratricidal disturbances have taken place in several parts of the country but nowhere else, if we except the Moplah riot, has there been an agony of such a prolonged character as Calcutta has experienced. These Calcutta riots have, besides intensifying the bitterness between the two communties, done immense and terrible harm to the trade of Calcutta. Bombay has got a large trade with Calcutta specially in locally made cotton goods and so the textile industry also has suffered a good deal through these disturbances. Neither the Provincial nor the Imperial Governments, nor the leaders of the people can afford to watch quietly all events of such a character and magnitude specially after this Calcutta storm. Steps must be taken and taken at once with a view to eliminate as far as possible all these communal bickerings and quarrels and the restoration of the relations to a normal level. Surely the Hindus and the Moslems have lived in this country for centuries and should have, by this time, known to put up with each other's idiosyncrasies. How then have they suddenly found out that they cannot live with each other and that the best interests of the country are served not by living in peace and concord but by trying to attack each other in all their relations of life? It is the biggest problem which confronts not only the political leaders but also the business community and I am sure that the latter will co-operate in taking any steps which

are deemed advisable or essential for securing internal peace between the two leading communities in the country and which will stabilise trade and industries of the country.

With these words, gentlemen, I place the report before you for your information.

Speech of Mr. Lalji Naranji M. L. C. President of the of the Indian Merchants' Chamber, at the Second Quarterly General Meeting af the Chamber held on Saturday, the 25th July 1926 :—

I have much pleasure in placing before you to-day the record of work done by your Committee during the last three months, the second quarter of the official year of the Chamber.

You know that your Committee have always been taking a very great deal of interest in questions relating to the purchase of stores. During this quarter, specially, your Committee were faced with several such questions and I venture to say, they tackled them in a manner which will secure the best interests of trade and industries. Almost in the beginning of the quarter, your Committee had the pleassure of having an interview with the Honourable Sir Bhupendra Nath Mitra, Member in Charge of Industries and Labour. As you must have noticed from the proceedings of the interview which were published in the press, questions, relating to the purchase of stores were discussed with the Hon. Member. Your Committee did not stop with this more or less informal discussion, but proceeded to address the Government of India with regard to such questions as the purchase of Cement and pugree cloth.

The High Commissionner for India issues every six month's statement of stores purchased by him giving cases where the lowest tenders were not accepted, also stating the ressons, if any for such a procedure. It was from such a six-monthly statement that your Committee found out instances of orders for Cement being placed with British Companies, though cement production in this country is much more than the requirements of the same. It was scandalous

that there should be orders placed for Pugree cloth outside this country. The amount involved in this particular case was small, but your Committee were constrained to draw pointed attention to this as it was a very glaring instance of the indenting officers throwing away money by calling for urgent deliveries when there could not be any need for urgency and goods delivered in the ordinary course would serve the purpose equally well. Your Committee have repeatedly written to the Government that instructions should be issued to purchasing officers not to ask for urgent or very urgent deliveries when the delay of a few weeks or even months could not possibly do any harm as in the case of Pugree cloth. The Government should also prevent indenting officers from insisting on their own fancies or whims or particular prejudices in favour of particular articles only being carried out. In case of such general articles like cement for instance it should not rest with any individual indenting officer to say that he wants cement of British manufacture only. Your Committee are glad to receive a reply from the Government of India recently wherein they say that it has always been the policy of the Government to discourage indenting officers from restricting the sources of supply to a specified firm or firms and to insist, except in special cases on their sending with their indents full particulars and designs so as to enable the Store Department to place the orders in the cheapest market consistent with efficiency. Comments of the press on these representations of your Committee in different parts of the country show that the press in all Presidencies realises the importance of these questions and appreciates the efforts made by your Committee to place the purchase of stores in this country on a sound and satisfactory footing. You will readily appreciate the reason why your Committee devote so much attention to questions relating to the purchases of stores quarter after quarter when you know that purchases made on behalf and for the Government of India amount to crores of rupees and that if rightly directed a large part of these stores would be purchased in this country to the great benefit and advantage of indigenous industries. The late Sir William Meyer, when High Commissioner for India, used to say that the London City interests were keenly watchful of the orders for different colonies being placed in the United Kingdom, and a strong agitation would

be created and the Minister in charge would be heckled in Parliament were even a small order to go outside the United Kingdom.

You must be aware that under the Stores Purchase Rules of the Government of India the major, i. e., the Governors' provinces enjoy full powers in regard to the purchase of stores by them and that the Government of India have no powers to interfere in the matter. It was because of this that your Committee wrote to the Government of Bombay asking what steps they had taken in this Province to see that articles of Indian manufacture were given preference and also asking if there were any set of rules or instructions issued to their purchasing officers. The Governors' Provinces, as they have now got autonomy with regard to the purchase of stores, should prepare definite rules for the purchase of stores and try their utmost to get all these purchases locally so that indigenous trade and industries may be developed.

The Government have been appointing a host of Committees during the last few years to deal with questions, both important and unimportant. Reports of the External Capital Committee and the Economic Enquiry Committee came for a review by your Committee during the last quarter. Your Committee were consulted with regard to the recommendations of the External Capital Committee regarding several points. Many of these are closely related to banking. It also appears as if the Government of India are going to appoint a special Banking Committee in accordance with the recommendations of the External Capital Committee to have a minute survey of problems raised. Your Committee consider that the issues which were raised could best be considered by such a Banking Committee. The Imperial Bank, however, is, as it were, the pivot of the whole banking system in this land, as a regulator of money rates in the country and as Government bankers as well as with extensive privileges in remittances etc., this Bank is likely to play a very important part in any reforms which may be come to to be recommended by the proposed Banking Committee. There are also several directions in which reforms are not only desirable but essential with regard to the Imperial Bank itself. There will be an important bearing of shy recommendations which may be made by such

a Banking Committee upon the findings of the Agricultural Commission as one of the fundamental functions of this Commission would be concerning with financial matters.

The Economic Enquiry Committee had two reports, a majority and a minority, report. Both these reports made recommendations for placing the statistical enquiry upon a new basis altogether with a big staff for the purpose which would burden the country with a more or less heavy additional expenditure. Your Committee disapproved practically of both the reports and on financial as well as on other grounds asked the Government not to go at present beyond strengthening the Statistical Department of the Central Government. Your Committee had disapproved of the appointment of the Economic Enquiry Committee from the very beginning and had refused to give evidence before them. The result of the report shows the justification for the attitude of your Committee. In fact time has now come when representatives of the people in both the Imperial and the Provincial Legislatures should see that a halt must be asked with regard to appointments of Commissions and Committees which while costing the country a good round sum do not lead to any clarity of vision or any definite practical solution with regard to the questions which are referred to them; not only this but they are used on more occasions than one merely as instruments for justifying particular Government actions or policies.

The Government of India have after all announced the personnel of the Committee to enquire into the Backbay Reclamation Scheme. Personally I do not think that the personnel of this Committee is unsatisfactory. The terms of reference, however, specially as mentioned in clause (1) appear to me rather vague. There have been several charges and counter-charges flying about with regard to this unfortunate episode in the history of this Presidency and what has been wanted by the public so very urgently and demanded by them for such a long time is that these charges should be properly enquired into and a proper responsibility fixed upon particular shoulders. If the terms of reference as given in clause (1) do not include all this, they will not be considered satisfactory at all. I hope, however, that the terms of reference will be construed in a broad and wide manner

and that the Committee will consider it as one of their main functions to fix the responsibility and even the guilt, if need be, upon proper shoulders.

Your Committee had to take up during the quarter under review very important and momentous question of the representation of India at the 9th session of the International Labour Conference. As the whole history of this case has already appeared in the press, I do not wish to trouble you with details now, but I must say that it was extremely improper, unfair and unjust on the part of the Government of India to nominate Sir Arthur Froom as a delegate of the Employers of India at the 9th session, in face of the strong and united demand of Indian Chambers of Commerce for having an Indian representative on behalf of the Indian Employers. You must be knowing, gentlemen, that the Hon. Sir Phiroze C. Sethna moved a resolution in the Council of State and the resolution was accepted by that body to the practical effect that the representatives of India at International Conferences should be Indians. Not only were the claims of India ignored but Sir Luis Kershaw, one of the delegates of the Government of India, is alleged to have openly said that the Government of India regarded the Bengal and the Bombay Chambers of Commerce as the most representative organisations. Your Committee made a strong protest against such a declaration to the Government of India who have not yet given a satisiactory explanation with regard to the same. In this connection, let me say that Mr S. H. Haji, whom this and other Indian Chambers sent as their representative specially to Geneva to present the protests of all these Indian Chambers against the appointment of Sir Arthur Froom in person, has done his work very well and presented his case in an able and dignified manner, worthy of the Institutions of which he was the representative.

One of the important pieces of legislation which the Government of India, through some reason or other, are not pushing on in the Imperial Legislature, is the Insurance Bill. This Bill was referred to a Select Committee at the winter session this year and we do not know still why it is hung up. It is an important piece of legislation affecting the whole of the insurance business of this country which,

as you know, is a big branch of our business. What is to be feared is that as it was not circulated for opinion of the various representative public bodies, no further action may be taken on the same at the forthcoming Simla session and the Bill may be considered to have lapsed with the life of the present Assembly.

Your Committee's hands will be full during the next quarter, as there are going to be important proposals made by the Government before the Legislatures with regard to the report of the Royal Currency Commission and the Taxation Enquiry Committee and also, I think, some of the points dealt with in the report of the Mercantile Marine committee. There is also the important Second Tariff Board sitting to consider the questions, complicated and intricate as they are, with regard to the Cotton Textile Industry.

There are several rumours already afloat with regard to the probable recommendations of the Currency Commission. I do not think it fair to make any comments on the strength of merely such rumours, and we should be better advised to defer any discussion relating to the same till after the publication of the Report itself. I have not got the sources of information which have enabled Lord Inchcape to make an intelligent anticipation of the Report of the Commission. Without trying to follow him, therfore, in making any prophecy, I may be allowed to say that just as hitherto Exchange or rather manipulations in Exchange have seriously harmed our industries, it may be expected now to injure also our agriculture, of which the Government profess to have the interests at heart. Already Millowners of the City have begun to purchase American cotton in preference to Indian cotton, an instance which will show to you how events are shaping themselves.

Unfortunately, there are some people who persist in taking a superficial view of the Indian problem and keeping up the fiction of the so-called *financial strength* of this country. Earl Winterton betrays himself as belonging to this class of people when in his latest speech he refers to "*the sound financial position built by the Government of India during the last few years.*" I cannot lead myself into believing that a balanced budget

brought about partly by manipulations of Exchange and partly by increased taxation is at all an index to the financial prosperity of the country. I challenge Earl Winterton to show me any industry, excepting tea and jute industries, which can be said to be prosperous at present. What is the use, then, of talking about the financial strength of this country and thus creating the impression that the country was prosperous, when the fact was otherwise?

Since I last spoke to you, matters have grown worse with regard to the Hindu-Moslem question, which, as I remarked at the last Quarterly General Meeting, had so much disturbed and dislocated business. I am glad to say that His Excellency the Viceroy has taken up this question. I am sure there will be a good response to his appeal to all for unity, when he says:

> "In the name of Indian national life, in the name of religion I appeal to all in each of the two communities who hold positions, who represent them in the press, who direct the education of the young, who possess influence, who command the esteem of their co-religionists, who lead them in politics or are honoured by them as divines. Let them begin each in their own community to work untiring towards this end, boldly repudiate the feeling of hatred and intolerance, actively to condemn and suppress acts of violence and aggression, earnestly to strive to exercise suspicions and misapprehensions, and so to create a new atmosphere of trust."

This appeal is couched in a noble vein, but I cannot help calling your attention to one verse in Bhagavat, "*Yat Samipastha Jivanam Vairam Chetasi Na Sthitam.*" A sage gives the definition of a sacred religious function as follows: "Its potency is such that the thought of revenge disappears even from the hearts of those who stand where such a function takes place, not to speak of those who practise it." Such is the sublimity of our philosophy! People who are the inheritors of this philosophy will never and should never rush into riots as occur at some places in the name of religion. While the appeal of His Excellency Lord Irwin, therefore, will meet with a good response,

His Excellency misses one point which is that while leaders of both the communities should try to introduce peace and harmony, the main responsibility devolve upon those who are in charge of the admistration. However, it will be a proper opportunity to mention here that our sacred philsophy lays all the responsibility for the welfare and peace of the governed on those who govern the country. Leaders of various communities and parties are reduced by the deliberate policy of the Government to a state in which it will be difficult for them to achieve the object of His Excellency Lord Irwin in spite of their well-meaning efforts.

With these words, I place the report before you for your information.

Speech of Mr. Lalji Naranji, President of the Indian Merchants' Chamber, at the Third Quarterly General Meeting of the Chamber on 28th October 1926:—

Gentlemen,

I have much pleasure in presenting the report of the Committee for the quarter ending September 1926 to you. During the course of this year, your Committee have been faced with several important problems but it may safely be said that the last quarter year proved the most important inasmuch as several Commissions and Committees sat, during the period, for taking evidence, and the report of the Royal Commission on Currency was also published in the same period. The important Currency Bill drafted hurriedly by the Government of India came up also during this pariod before the Legislative Assembly soon after the publication of the Report of the Currency Commission which the country had no time to understand, as this subject requires very careful and serious consideration. It requires to be expounded by the experts to the public for them to understand the voluminous report. The copies of evidence and appendices to such report were not made available then and are not still available to the public. Inspite of all this, the Currency Bill was drafted and brought forward before the Assembly; but the united stand of the national interests prevented the Bill from being passed into law and is unfortunately postponed for the next winter session of the newly

elected Assembly. Let me express the hope that though such newly constituted Assembly will be of several party members, they will all unite in this cause and get free flow of gold into India for her surplus of exports over imports, and also they will try to stop the manipulation of Exchange by providing that the Government of India will only restrict itself to provide the Home Charges and not meddle with Exchange by any operations, e. g., deflation or selling of Bills, etc. Such meddling has already cost forty crores during Sir Hailey's time. The present policy now seems to be frittering away our gold resources from our Reserves and thus putting off gold standard to a very distant date.

Exchange is said to be a difficult problem. Is it really difficult or made difficult by vested interests? To my mind, it is simple if we do not import high scientific knowledge, and leave it to the simple commonsense of Indian people. The diversion from real and simple issues costs this country very heavily. We are generally exporting more than importing. Our country requires to be paid for the exports most of which are produced by the hard labour of our countrymen and the price ought to be paid in this country seems to be in the form of manufactured products of the foreign countries. Our country has been made a vast field for foreign manufacturers as a big market for their manufactured products. Considerable items of imports could have been manufactured locally if our country was a free country like Japan. However, I leave this question at that and let me refer again to our own subject.

Our balance of trade, inspite of this forced import trade, is still in our favour. We have to pay Home Charges. If the balance is, whatever it might be, allowed to be recovered by us in the shape of gold, no more scientific knowledge of imported brains would be necessary either. All forms such as Gold Exchange, Bullion Exchange, shuffling and reshuffling of reserves selling of Council Bills and Reverse Bills and deflations and inflations at the will of the Government will be unnecessary. Our country which is toiling on the land will then not be deprived of the fruits of their labour in the shape of gold which they want.

Sir Basil Blackett said in his evidence before the Currency Commission; "that the Indian people should have full confidence in the currency and that the system should be reasonably intelligible to them". Sir Purshotamdas Thakurdas in accepting this recommendation of Sir Basil says:—"That the quickest and the best method of ensuring this confidence is by making the internal currency absolutely convertible into gold coin at the will of the holder". Sir Basil, as a rule, wishes to support his weak case by first construing the Currency report in a wrong way as was ably pointed out by Sir Purshotamdas Thakurdas and secondly by throwing the blame on the shoulders of others; as he did in Burma by blaming the so-called *bear speculation* of Bombay, which is better known to Sir Basil in Burma than the people of Bombay. The total trade of India is 600 crores equal to 400 million sterling. If the amount of business done is several times the actual requirements of the country then it may be called speculation. The business community of Bombay is staggered, gentlemen, at such a statement which cannot be called anything else but a libel upon this City. It is trying to draw a red herring across the trail, for the Hon. the Finance Member to represent Bombay as indulging in bear raids and trying to unsettle the course of the exchange. Such statements, I fear, are more fitted for purposes of election propaganda than for a serious consideration of this knotty and complicated problem. They are likely to create an impression in the mind of the lay public in other provinces that the whole of the Currency mischief is due to the so-called innate love of speculation of Bombay and the Government is as innocent as the lamb with regard to all the manipulations in the exchange which are going on at present to the serious detriment of trade, industries and agriculture of this country. We have experienced five good monsoons one after the other and yet there is no prosperity of the ryots. Are the causes very difficult to seek? I do not think so. It is the unfortunate Currency and Exchange policy of the Government which lies at the root of this apparently paradoxical statement that with five good monsoons Indian peasantry is still not only not prosperous but groaning under heavy debts. There has been no bear speculation at all with regard to the exchange

in this City and if the exchange shows a weakening tendency, it is merely an index to what your Committee have been always saying viz: that the 18d. ratio is neither natural nor workable for this country.

It is not little painful to see such misleading and false statements of the Hon. the Finance Member. Ratio of 1s. 6d. is difficult to be maintained as is shown by the exchange inspite of the Finance Member's determination to fritter away the gold reserves and thereby postponing indefinitely the gold standard for this country. Let the Hon. the Finance Member remember that if the resources of India are ample, they are not for maintaining the particular ratio which is neither conducive to the agriculturists nor to the industrial interests of the country whose custodian he has been appointed for a short time.

It may interest you to know that while the Finance Member talks of "bear speculation" in Bombay to explain away the weakness of Exchange, the Exchange Correspondent of the Calcutta Statesman (a paper which has throughout supported Government's disastrous Exchange policy), put his finger on the real causes. He says that "the fact that most of the bills have been for near positions only suggest that there is no change yet in the hand to-mouth buying of foreign consumers. x .... x ..... x x There is little doubt that the principal danger to the stability of Exchange will be found in the unexpected fall in the sterling prices of silver and cotton. x x. x. x. The price has already fallen to the lowest points for ten years and in view of the partiality of the Indian for the white metal this is emphatically a "bear" point in Exchange. Similarly, with the fall in the price of cotton exports from India are checked and imports encouraged. On these two important items in the foreign trade of India, the balance of accounts is likely to be against India". If Sir Basil Blackett has taken the trouble to consult his friends in Calcutta even he would not have talked Bear speculation in Bombay as he has done.

Your Committee have since the year 1919 taken a position on Currency and Exchange policy of the Government of India which

has proved a right position in the interests of the country. They have continued a persistent and a patient fight against the powers that be for all these years. They have always tried to make intelligible all actions of Governments at different times to the public.

Even a layman will admit that the manufacturers' continued complaint that the exchange policy is giving to the importers 12½ percent of unfair advantage against them is now seen to be affecting the agriculturists by the import of American cotton which makes the the sale of cotton by the cultivator impossible unless he sells at very low prices. This will again reduce the purchasing power of the cultivators which is not only understood but now has come home to every producer of this country. Is it too much to expect of all the provinces especially agricultural provinces to realize this at once and bring united pressure of the country through their elected representatives to get justice to our cause in the next Assembly ?

Before closing this subject, I think our Chamber will be justified in taking pride in the very important services done to this cause by our prominent member, Sir Purshotamdas Thakurdas, who worked single-handed and strenuously at a very great sacrifice both in India and England and who has searched all the records of Government carefully and placed before the country all the facts that were made available to him as a Commissioner. He has clearly shown by quoting the telegrams between the Secretary of State and the Government of India that even the Government of India, at a certain point, themselves honestly believed that they could not go beyond a certain limit which would be making the screw very tight. Let me, Gentlemen, in your behalf, express our great appreciation of the services rendered by Sir Purshotamdas Thakurdas in this cause.

Your Committee have always insisted on a real Gold Standard with a Gold Currency and have again urged this very position in a recent representation to the Government. They have reviewed the Currency Bill which is now being circulated for opinion in the country and have shown its glaring defects to the Goverment. If even the Gold Bullion Standard is to be made successful the option given to the Currency authority in the proposed Bill to sell gold

of gold exchange should be removed and it should be an obligation on the Currency authority to give not gold exchange but gold only. Only in this way will a beginning be made in the direction of assuring to India a proper Gold Standard. It must be remembered at the same time that India would never be satisfied with this Gold Bullion Standard unless within a few years' time as soon as the gold resources are amply sufficient a gold currency is introduced in this land. The fate of the Currency Bill is to a large extent dependent upon the turn the coming elections to the Legislative Assembly will take and we naturally hope that the different electorates will send to the Legislative Assembly only persons who are definitely opposed to the Currency and Exchange policy of the Government of India

I now come to deal with another question which though not a central but a provincial one, affects practically the whole of this Presidency. That question is the question of the persistent and ruinous indifference of the Government of Bombay to the expressed wishes and feelings of the general public of Bombay. I fail to understand why Sir Leslie Wilson's government are determined to flout the general public by continuing the Backbay Reclamation which is neither for the good of the masses nor is it necessary for the expansion of the business nor for the residence of middle classes or the higher classes of Bombay. During the period of this Government, Sir Leslie Wilson has pointed out as the head of the Government the serious financial conditions of this Presidency. May I ask him whether to continue spending money on an object which is disapproved by those for whose good it is said to be started, is not postponing the progress of this advanced Presidency by handicapping its financial resources and thereby denying this Presidency a further development of trade and industry. Bombay had once the monopoly of being one of the finest harbours of India, but to-day, Bombay has to compete with other ports which are coming into prominence and which are becoming much cheaper than Bombay. Bombay has also to remember that the business of its Port will be shared by the new harbours of Vizagajapatam and Cochin and the fast developing Port of Karachi.

We have not to lose sight of other ports of Kathiawar such as the Port of Okha which is coming into prominence and which may share the trade of Bombay either export or import in time to come. Will these considerations not stop the present Government of Bombay from continuing with the ruinous Back Bay Reclamation Scheme? In the Kay Committee, of which I was a member, I had to submit a separate Minute of Dissent due to the fact that I was not prepared to accept their findings and did not like to go on with any reclamation schemes which could be avoided. I only agreed that Block No. 8 should be completed because it was represented that the further expenditure of 13 lacs on that block would get us Rs. 279·08 lacs. No businessman will grudge the expenditure of 13 lacs of rupees if it was to bring in the course of a year or so such a big amount. As to block No. 1, the work was proceeded with inspite of the protests of public and it was represented that a further expenditure of 19 lacs of rupees on that block would yield 125,000 sq. yds. of building area and 150,000 sq. yds. for recreation grounds. I agreed to more money being spent on these two blocks with a view to get and recover by completing these blocks a large amount of monies. So recently as the date of the publication of the report of the Kay Committee by the end of August 1926, no estimates were prepared for block No. 2 and I am really surprised that Sir Leslie Wilson's government is going to continue the same mistake again by proceeding with the work without preparing the estimates and without knowing what the cost will be. Even those members who differed from me have accepted the value of block No. 1 on conditions that no further blocks were attempted. It was the decided opinion of both the Bombay Chamber of Commerce representing the European Members and the Indian Chamber of Commerce representing the Indian members that block No. 7 was neither the business proposition nor the necessity from any point of view, but with a view to continue the staff on the dredger, which, I have in my Minute of Dissent clearly said, should be disposed of at once. I have said in that Minute that the Development Department is no longer necessary now, and should therefore be immediately abolished and such work as remains to be done must be transferred to the Public Works Department. I should also expect that

Government will still consider and save this Presidency from immense loss by winding up the whole scheme at an early date. The theory propounded of the present values is very misleading one and that theory is brought in because the figures produced by Mr. Subedar were so conclusive that the correctness of those figures could not even be denied by Sir Henry Lawrence, the then Finance Member. Against that, the device of the present value has been adduced by Government to minimise the loss and to mislead the public. In short, I will say that the present value and the saving of the losses that the Government have tried to show are all without any warrant of facts because they have got no estimates. The interest of this Presidency demands that the work should be stopped without delay.

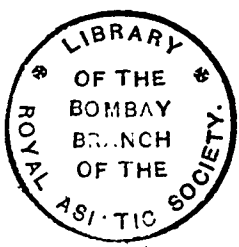
Sir Lawless Hepper in his interview said that Block No. 7 would not be attempted without completing Block No. 1. Are we to conclude that the Government of Sir Leslie Wilson have decided to continue block No 7 even without consulting their own development officers? In the evidence given before the Mears Committee, Sir Chimanlal Setalvad and Sir Henry Lawrence, who were at one time or another, in charge of the Government of Bombay when important issues were considered and momentous decisions were being taken, say that the scheme must be pushed ahead. Sir Chimanlal Setalvad even goes to the extent of saying that the agitation against this scheme was engineered by private vested interests. The Development Department and all its schemes stand condemned not only from the mouths of the critics of the Government but also from the mouths of the Governmenment officials themselves, and yet Sir Chimanlal says that the agitation against the Backbay Reclamation has been carried on merely by private vested interests. It is a deliberate ignoring of public opinion. Similar indifference to public opinion was shown by Sir Henry Lawrence when he remarked that this Presidency was not still properly taxed and that the taxation ought still to be further increased. During the last five or six years it has been amply evident that the taxable capacity of the people not only in this Presidency but the whole of India has been reached and that neither trade nor industries nor agriculturists can bear any more taxation. And yet this erstwhile Finance Member

of the Government of Bombay who tried his best when he was in power to disregard the wishes of the Bombay Legislative Council, now comes forward to say that Bombay City and the Presidency are not still taxed enough. Let him find out ways and means to bring more income to the Bombay Presidency and then have it taxed rather than to tax and thereby even lose the trade and industries, which Bombay enjoys. Regarding the evidence of Baron Lloyd before the Mears Committee, it is not a little surprising to find that the ex-Governor of Bombay was very much upset at the mere idea of Judicial Enquiry. The mere fact that he had to submit himself as a witness at a Judicial Enquiry for his actions brought heat into his blood during his evidence which is a heap of irrelevant facts, I fail to see any connection between the creation of the Development Department and his desire to carry out the Reforms. Does he mean to argue that the Reforms were meant to conceive and to continue the schemes against the wishes and feelings of the public for whose good such schemes were said to be taken up? It is absurd to say that the Back Ray Reclamation scheme was for the good of the backward and touchable classes. One can excuse him for such absuridty in his evidence owing to the heat of his blood. The more serious thing in his evidence is the hesitation and the denial by him to produce and disclose any correspondence whether private or official between himself and the Secretary of State. No such correspondence can be ever private or personal in matters of the administration. When such an enquiry is held by the sanction of the Secretary of State and the Government of India, is it not the duty of the ex-Governor who was in charge of the affairs of this Presidency to prove his bona fides by placing all the matters, private or official, before the public and exonerate himself from the blame which, according to him, were merely bazar rumours. He ought to have falsified these things by disclosing every single letter that he had with him. The responsibilities of the higher officers are in proportion higher and the argument of not disclosing such correspondence is improper in itself. I will put him the question whether he was the responsible officer of the Crown or whether he was responsible to none? The issue raised by Baron Lloyd seems to be that he is responsible to none. He must

remember that the higher the position he occupies, the greater the responsibilities he carries with him. How can we believe that there must be any political consideration in a purely financial scheme of the Back Bay Reclamation scheme. There could not be any conceivable political considerations in such correspondence, and his hesitation in disclosing all correspondence creates very strong suspicions against him. He only is spared to take responsibilities for his subordinates in words. Is he going to make good any part of the losses that are heaped on this Presidency? He in his evidence again argues that he is not prepared to deal with the technical matters and again inspite of his ignorance of the technical parts of the scheme he says that the success of the scheme is certain. Can any sane man rely on such assurance? His development folly has cost further taxation of 95 lacs of rupees per year with the corresponding advantage of a heavy debt and the continued heavy interest charges and the maintenance charges for such foolish scheme. From his evidence, it is quite clear that he rushed in the whole scheme without considering any part of the commercial side.

Gentlemen, I do not wish to take up your time in dealing with the numerous other subjects considered by your Committee during the last quarter for I shall have an opportunity to discuss them in my speech at the Annual General Meeting, which is not far off. I have dealt with only two important subjects which are at present engrossing the attention of the business community in this City and the Presidency.

With these words, Gentlemen I present the Third Quarterly Report to you.


LIBRARY
OF THE
BOMBAY
BRANCH
OF THE
ROYAL ASIATIC SOCIETY.

00133684

Digitized with financial assistance from
Government of Maharashtra
on 01 February, 2020